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Experimental Citizens: The Experimental Housing Allowance Program and Housing Vouchers as American Social Policy in the 1970s and 1980s

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Experimental Citizens: The Experimental Housing Allowance Program and Housing Vouchers as American Social Policy in the 1970s and 1980s

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ABSTRACT OF THE DISSERTATION

Experimental Citizens: The Experimental Housing Allowance Program (EHAP) and Housing Vouchers as American Social Policy in the 1970s and 1980s

by

Melanie Kayser Schmidt Arias

Doctor of Philosophy in History

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Professor Scot David Brown, Chair

This dissertation examines the role that social scientific experiments played in the transformation of US housing assistance policy from project-based to voucher-based forms relying on free market supply during the 1970s. It looks in particular at EHAP, the Experimental Housing Allowance Program, which was authorized by Congress in 1970 and conducted by the Department of Housing and Urban Development (HUD) and subcontractors including RAND Corporation and Abt Associates. EHAP represented an early instance of the application of traditional and military science technologies and techniques to urban social problems. Over a decade in twelve cities across the United States, the program provided cash assistance for housing directly to more than 30,000 low-income families, testing the approach as an alternative to government-built housing projects. EHAP analyzed the impact of the approach on recipients, participating communities, housing markets and the bureaucracies that implemented the program. Using the experiment as a lens, the dissertation also examines the impact of the shift to market-

based subsidies on access to civil rights protections for women and people of color.

This project not only offers the first scholarly historical narrative of one of the largest social scientific experiments conducted in the United States, it uncovers how the relationship between government agencies and research institutes shaped and often politicized the production of knowledge about low- income housing. Further, it illustrates how the way in which that knowledge was produced determined, and sometimes undermined, the impact of the knowledge itself. Finally, the analysis suggests the need for a larger examination of the civil rights repercussions of the shift towards reliance on the free-market in government assistance programs for low-income families.

The dissertation of Melanie Kayser Schmidt Arias is approved.

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TABLE OF CONTENTS

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Introduction

The Experimental Housing Allowance Program and Housing Vouchers in America

From the 1970s through the 1990s, the push to provide federal low-income housing assistance via private markets was prompted by a chorus of critiques of traditional public housing. Liberal and conservative stakeholders alike decried the state of public housing. Mindful of civil rights hard fought and won in previous decades, liberal politicians, housing advocates and litigators criticized conventional public housing as separate and unequal treatment for poor minority tenants. Simultaneously, conservative observers lamented the high cost of public financing for public housing. Frequently, both sides decried public housing as the site where an urban underclass reigned through crime, violence and disorder. In the popular and political imaginaries, welfare queens raised children in high-rise, large-scale public housing projects. These highly visible urban castles purportedly lacked the "working poor," who ostensibly strove to escape poverty, and middle class non-whites who modeled correct social behavior.[1]

These critiques gave rise to much discussion of the idea of privatizing government aid programs, but particularly in low-income housing assistance. Schemes emerged in government programs from education to prisons, but privatizing low-income housing had a unique impact. The shift to the free and private market in housing directly impacted social geography, creating valuable real estate opportunities in cities, while providing the voucher holder potentially greater

[1] These critiques, based in appropriations of a number of sociological studies of poverty, culminate in Charles Murray's *Losing Ground*. Michael Katz details the process of appropriating these mainly liberal sociological works and combining those studies with conservative ideology in *The Undeserving Poor*. According to this line of thought, the undeserving poor are to be distinguished from their deserving counterparts, who have become poor ostensibly as a result of unforeseeable tragedy or calamity, and whose poverty is a short-term aberration, rather than a cultural and generational norm. Charles Murray, *Losing Ground* (New York: Basic Books, 1984); Michael Katz, *The Undeserving Poor* (New York: Pantheon, 1989).

choice in location, all while allowing for the demolition of public housing projects, eventually without the requirement that the low-income units destroyed be replaced.[2] Those who remained in public housing were depicted by popular media and often by policy makers as an underclass, immersed in a culture of poverty. The underclass was seen as an aberrant and self-perpetuating sub-culture that had limited ties to the wider community.[3] Thus, the consensus critique of public housing led to a reform plan that intertwined two of conservatisms main thrusts in the 1980s while placating liberals. The free market was seen to support family values and limit government (public) assistance while providing "locational choice" that appealed to liberals.

Voucher-based privatization reflected a growing consensus regarding the importance of the consumer and the free market in the civic fabric of the nation. Voucher programs were intended to assimilate public housing tenants into the broader housing market, thus granting beneficiaries of housing assistance the choices and rights enjoyed by other participants in the housing market. Market participation would make them better citizens and weave them more fully into the social fabric. The link between housing and citizenship has a long history in America, which had expanded in the decades just before the emergence of voucher programs. Largely as a result of home ownership's cornerstone role in the "American Dream" following World War II, households at all income levels relied heavily on the government to support their housing market participation.[4]

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[2] Initially, programs that tore down public housing were required to build or fund replacement units on a 1:1 basis. This requirement was dissolved with the advent of HOPE VI in 1993.

[3] For a discussion of these representations in popular media, see A. Scott Henderson, "'Tarred with the Exceptional Image': Public Housing and Popular Discourse, 1950–1990" *American Studies* 36 (Spring 1995): pp. 31-52.

[4] A wealth of scholarship exists on the connection between property ownership, home ownership, and achieving the American Dream. In addition to the foundational text, Fredrick Jackson Turner's frontier thesis, more recent scholarship of note includes Gwendolyn Wright,

Federal aid of various kinds meant that virtually all participants in the housing market enjoyed some form of public assistance, and that the government was deeply involved in the "private" housing market.[5] For the middle and upper classes, the deserving poor, the non-poor and the elderly, various forms of government assistance, from the earned income tax credit and social security to mortgage interest tax credits and mortgage insurance, provided financial tools to be wielded on the housing market. All of these mechanisms functioned as entitlements, available to all who were eligible with little threat of social stigma. Programs for the poorest of the poor—the project-dwellers—functioned quite differently. For low-income households relying on public housing assistance, there was no entitlement; only a fraction of those eligible received a benefit. Social stigma increased as traditional public housing devolved into the symbolic habitat of the reviled undeserving poor and the underclass. Vouchers held out the promise of destigmatizing housing assistance, providing better choices and better quality housing, but that promise was no guarantee.

The appeal of an unknown and untried form of housing assistance grew as the urban crisis dogged the late 1960s and threatened to drag the gains of the civil rights movement into the flames of America's long hot summers of urban unrest. That setting of urban disarray that brought market-based low-income housing programs out of the theoretical arena where they had

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Building the Dream: a Social History of Housing in America (New York: Pantheon Books, 1981); Kenneth T Jackson, *Crabgrass Frontier: the Suburbanization of the United States* (New York: Oxford University Press, 1985); Richard L. Bushman, *The Refinement of America: Persons, Houses, Cities*, 1st Vintage Books ed. (New York: Vintage Books, 1993); R. Allen Hays, *The Federal Government and Urban Housing: Ideology and Change in Public Policy*, 2nd ed. (State University of New York Press, 1995) and the work of Dolores Hayden, most recently Dolores Hayden, *Building Suburbia: Green Fields and Urban Growth, 1820-2000* (Vintage, 2004).

[5] For a discussion of the emergence of this "two-tiered" system in the New Deal era, see Gail Radford, *Modern Housing for America: Policy Struggles in the New Deal Era* (Chicago: University of Chicago Press, 1996).

long dwelled and propelled them into practice. In terms of housing, privatization gained political traction through a combination of presidential commission reports, acts of Congress, and HUD bureaucratic decisions between 1970 and 1989. They became a formal part of federal housing policy in 1974 with Section 8 of the Housing and Community Development Act. That Act initiated a transformation in the form of public housing programs from federal support for building "projects" to tenant-based assistance to be used in the private housing market. Tenant-based assistance has been know by a number of official names, but is colloquially called after the part of the bill that created these programs, and thus termed "Section 8" housing. Today, the official moniker is the "Housing Choice Voucher Program."[6]

In the decades that followed the program's inception, Section 8 became the dominant vehicle for providing federal housing assistance to low-income families. As private market subsidy programs grew between 1970 and 1989, conventional housing sites were simultaneously being removed from urban landscapes. Public tenements became testaments to the failure of the War on Poverty's urban policy. Many of projects were demolished to great public fanfare.[7] Though these stigmatized slums were often destroyed and Section 8 programs shifted housing assistance recipients in the private market, decaying large-scale housing remained the public face of increasingly privatized housing assistance. One of the many outcomes of the transformation

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[6] Raymond Struyk and Marc Bendick provide a succinct summary of the history of vouchers in the introduction to an edited volume written by the executors of the Experimental Housing Allowance Program, *Housing Vouchers for the Poor: Lessons from a National Experiment* (Washington, D.C.: Urban Institute Press, 1981).

[7] David Erickson, "Community Capitalism: How Housing Advocates, the Private Sector, and Government Forged New Low-Income Housing Policy, 1968–1996" *Journal of Policy History*, Vol. 18, No. 2 (2006), p. 196.

process has been a decline in the number of assisted housing units available through government programs.[8]

This dissertation examines an aspect of the housing assistance privatization process that took place between the Nixon and Reagan eras. Though nearly unexamined by historians, it reveals how social scientific research, politicians, and policy bureaucracies operationalized civil rights mandates and thus offers a unique view into how these stakeholders effected the reconfiguration of social hierarchies in the aftermath of the Civil Rights decades. In 1970, fires smoldered in American cities and policy makers, urban planners and housing policy practioners contemplated the findings of the Kaiser, Kerner, and Douglass reports on the conditions of America's urban communities. One of the consequences of these reports was the inclusion of a few sentences in the 1970 Housing Act that launched the largest effort in market based housing to date. Republican Senator Edward Brooke of Massachusetts placed the program in Section 504 of the bill at the suggestion of Malcolm Peabody, a deputy assistant secretary at the newly formed Department of Housing and Urban Development. The effort was called the Experimental Housing Allowance Program, or "EHAP." Initially framed as a short-term trial, EHAP grew into a massive, decade-long social scientific experiment, then regarded as the largest ever. 30,000 households in twelve communities participated in the experiment. Some received subsidies for a decade. The enterprise involved top government research contractors including RAND Corporation, Abt Associate, Stanford Research Institute and the National Opinion Research Corporation. It captured the attention of civic organizations such as Leadership Conference on Civil Rights and the Urban League. Estimates of the final cost range from 158 million to 300

[8] Cushing N. Dolbeare et al. *Changing Priorities: The Federal Budget and Housing Assistance, 1976-2005*. The National Low Income Housing Coalition, October 2004. pp. 10-12. The statistics for this report are compiled from the published Federal budgets from 1976-2004.

million dollars, depending on how the cost of the subsidy payments is treated.[9] While the experiment is known within housing policy circles, no work of history has yet looked at EHAP.[10]

That narrative history of EHAP is the primary goal of this dissertation. It is at once the first narrative history of EHAP and a project that illustrates EHAP's significance in the historical milieu of the 1970s. The project teases out two related threads of argument. First, it argues that under the voucher system, the structure of rights related to housing is changed in order to make market participation a necessary prerequisite and determinant of citizenship status. Housing search, the process of finding suitable housing and convincing a landlord to rent it, became indicative of one's merit as a citizen. Voucher programs promise greater participation in the market for poor families, and thus broader enjoyment of what Lizabeth Cohen and others have identified as "consumer citizenship."[11] By the same token, the voucher system jeopardizes the citizenship of those who cannot or do not succeed in using the voucher. I argue EHAP showed

9 These cost figures are in real dollars and are widely cited in the research reports on EHAP. However, payments to families enrolled in EHAP programs often continued after the research ended by using non-EHAP designated funds. In addition, the payments program was still ongoing in two of the largest sites for more than two years after HUD estimated this figure in 1980. For this estimated breakdown of costs, see the final research report, Richard Struyk and Marc Bendick, *Housing Vouchers for the Poor,* 297. Robert Haveman puts the figure at 352 million (1983 dollars) in *Poverty Policy and Poverty Research: The Great Society and the Social Sciences* (Madison: Wisconsin UP, 1987), p. 185.

10 Beyond works by the researchers who conducted it, the most significant scholarly studies of EHAP are a brief section in R. Allen Hays, *The Federal Government and Urban Housing: Ideology and Change in Public Policy*, 2nd ed. (State University of New York Press, 1995) and a chapter of Jeremy B Johnson's dissertation, "Beyond Retrenchment- The Political and Ideological Foundations of the New American Welfare State, 1970-2000" (Brown University, 2010), http://gradworks.umi.com/34/30/3430061.html.

11 For an in-depth examination of the importance of market participation and the rise of consumer citizenship in America, see Lizabeth Cohen's *A Consumer's Republic* (New York: Vintage, 2003). Cohen looks to the 1970s and 1980s as the dénouement of citizenship through consumer rights. This dissertation pursues the possibility that privatization transformed consumer citizenship, and that in the case of housing, participation in the market was a mark of citizenship.

that the ability to easily use a voucher could be diminished by race, gender, and household type, among other characteristics. Thus, the voucher program created new avenues for old hierarchies to manifest, powerfully but nearly invisibly, on a private housing market in which few mechanisms could ensure equality of opportunity. Accordingly, one goal of this dissertation is to unearth and examine the public and hidden "transcripts" that informed policies of privatization—transcripts about race, gender and poverty that emerged in the development and implementation of new housing voucher programs.[12]

A second thread of argument in this project is that the voucher approach was shaped not solely by the Washington, D.C. based political elites who legislated and designed EHAP, but also by regional and local institutions and communities who grappled with novel Civil Rights legislation in both program planning and daily practice. Likewise, the concerns of policymakers, researchers and community members about those laws shaped the conduct of the experiment. These stakeholders delineated the boundaries of the knowledge produced by the experiment through the questions they asked and the data they provided, gathered and analyzed. Consequently, a historical examination of EHAP allows those boundaries around the production of knowledge to be unearthed and illuminates their impact on the racial, gender and class dynamics of America's primary form of housing assistance.

A historical examination of EHAP illustrates that those masses of social scientific data shaped policy, but not in the straightforward "objective" and "scientific" manner that the programs progenitors and advocates hoped. Evidence, despite the contention of early EHAP

[12] I take the notion of the hidden transcript from John C. Scott's *Domination and the Arts of Resistance: Hidden Transcripts*, (New Haven: Yale University Press, 1990). Scott uses the notion of a hidden transcript to identify sources of collective strength in oppressed groups. He acknowledges, however, that dominant groups may have hidden transcripts that over time become publicized. In this dissertation, I am particularly interested in the hidden transcripts of housing policy discourse, and in how social scientific research was related to those transcripts.

supporters, was a political instrument, not a demonstration of unassailable truths about what program was most effective. Effectiveness itself lacks an objective definition. Did success mean the largest number of people enrolled, or the largest proportion of families relocating? EHAP showed that without requirements to relocate and substantial counseling to guarantee such an outcome, most subsidized families did not relocate. Significant counseling did not generate such a moves in large numbers. Even as the evidence undermined the arguments raised by liberals in support of “choice” and desegregation as motives for housing voucher programs, the voucher approach became more and more entrenched as policy. In a policy environment growing hostile to social programs, vouchers seemed to thread the needle, weaving together conservative and liberal visions for policy. The political compromise between conservative free market aspirations and liberal aspirations to make what Andrea Gill terms “racial pioneers” out of even a small number of voucher recipient families was a political coalition more powerful than the evidence that the approach was not achieving its initial goals.[13] A historical examination of EHAP illustrates that the ostensibly objective truths produced by quantification and data are in fact creations of ever-changing political forces. This dissertation demonstrates that those forces, more than merely interpreting data through a politicized lens, created data through a process that was inherently political. The questions that EHAP asked were as much products of a political process as the data EHAP produced to answer them.

The Experimental Housing Allowance Program: An Overview

[13] Andrea Gill, “Moving to Integration? The Origins of Chicago’s Gautreaux Program and the Limits of Voucher-Based Housing Mobility,” *Journal of Urban History* 38, no. 4 (July 2012): pp. 1–25.

Before delving further into the history of the Experimental Housing Allowance Program, this section provides a brief overview of the 11-year social scientific experiment. At the time the largest social scientific experiment ever undertaken, EHAP was composed of three distinct field operational elements. These elements were the Housing Allowance Demand Experiment, or "HADE," the "HASE" or Housing Assistance Supply Experiment, and the Administrative Agency Experiment (AAE). A research institute, either RAND Corporation or Abt Associates, designed, implemented, and analyzed each element in concert with the Policy Research and Development department of HUD. Both institutes formally reported findings to HUD periodically and coordinated closely with HUD throughout the experiments. Survey work was conducted subcontractors including the National Opinion Research Corporation. Hundreds of researchers and support staff were required to amass and analyze the data collected.

HADE was designed by the Stanford Research Institute (now called SRI) and implemented by Abt Associates. HADE investigated how households eligible for a housing subsidy would respond to a voucher—that is how demand for housing would be affected by a voucher program. HADE employed formal experimental methodology, including the use of a control group and various test groups, in two mid-size cities, Pittsburgh and Phoenix. Each site enrolled approximately 1250 participants. Formal experimental design meant that not all participants received benefits, and that not all who received benefits received the same dollar amount under the same stipulations. HADE participants were provided three years of guaranteed payments.[14]

The HASE was designed and executed by the RAND Corporation, and conducted in South Bend, Indiana and Green Bay, Wisconsin. The goal of this element of EHAP was to

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[14] Raymond Struyk and Marc Bendick, Jr., eds. *Housing Vouchers for the Poor: Lessons from a National Experiment*, (Washington, D.C.: Urban Institute, 1981) pp. 35-38.

ascertain market responses to voucher programs. The central question investigated in HASE was whether providing housing vouchers to all eligible households in a city would have an inflationary effect on housing price, or if landlords would adjust the supply of housing in the market to meet anticipated increased demand and thus rents would not increase dramatically. In order to reach a level of use that might create inflation, HASE provided for payments to be available to all financially qualified households in two midsized rental markets: Green Bay, Wisconsin and South Bend, Indiana. RAND gathered data regarding the willingness of landlords to make improvements necessary to meet the quality standards set by EHAP, about rents charged, and about the presence of recipient households in a random sample of housing in the cities. Researchers focused on the response of the markets in these cities rather than on the households receiving the assistance. In hopes that researchers could observe the market react to the increased demand created by allowance payments and then come into balance, it provided payments for ten years on this entitlement basis. Eligible households were solicited publicly and assistance made available all qualified applicant households.[15]

The final element of EHAP was the Administrative Agency Experiment, overseen by Abt Associates in eight cities: Salem, Oregon; Springfield, Massachusetts; Peoria, Illinois; San Bernardino, California; Bismarck, North Dakota; Jacksonville, Florida; Durham, North Carolina; and Tulsa, Oklahoma. The AAE was not part of the initial research design, but was apparently added at the behest of then HUD Secretary George Romney, who wanted to test how existing government assistance agencies would administer housing vouchers. The AAE lasted for two-years, and like HASE lacked a control group. Instead, for two years eight public agencies of different kinds in different cities administered vouchers with wide operational latitude. Abt

[15] Struyk and Bendick, pp. 38-41.

Associates assessed agencies' choices and program costs, as well as community reactions, and then retrospectively attempted to parse the sources of differences in outcomes between the eight sites.[16]

Although the results of EHAP were in some ways obviated by the advent of Section 8, EHAP data made appearances in subsequent federal debates over the scope and direction of public housing programs. Most prominently, the 1982 McKenna Commission report on housing commissioned by President Reagan based its low-income housing policy recommendations on EHAP findings and on a review of the Section 8 Existing Housing, which was in some respects modeled on EHAP. The commission's primary recommendation regarding public housing was that a "Housing Payments Program" became the primary form of federal housing assistance. The McKenna report called for voucher type programs to replace future investment in building or rehabilitating traditional public housing.[17] EHAP data was selectively brought to bear in demonstrating that voucher could equitably distribute a limited housing assistance budget and that beneficiaries could find housing without creating market-wide repercussions or social upheaval.

Housing, Values, Vouchers, and Social Science: A Historiographical View of EHAP

This dissertation views public housing, and the debates over privatizing public housing in the 1970s and 1980s, as a primary site of public discourses that redefined race and gender in the backlash against of the rights revolution of the late 1960s. These discourses transformed notions about the government's role in social welfare that had held sway since the New Deal, and

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[16] William Hamilton, *A Social Experiment in Program Administration: The Housing Allowance Administrative Agency Experiment* (Cambridge: Abt Books, 1979).

[17] William McKenna, *The Report of the President's Commission on Housing* (Washington: GPO, 1982) p. 18.

culminated in an array of welfare reforms in the mid-1990s. Those debates explicitly wove together policy proscriptions with particular representations of the people who occupied public housing and the communities they created.[18] Both housing policy and the representations of the housing poor relied for evidence on a series of social scientific experiments that embraced and promulgated a public ethos premised on the absolute superiority of 1) the nuclear family, 2) the free market allocation of assisted housing ("privatization") and 3) the local control or devolution of housing assistance programs.

In looking at the broader welfare state, a variety of scholars offer explanations for why sweeping changes in how and to whom public assistance is offered took place. They offer a variety of potential explanatory models regarding changes in government assistance to poor people that inform any study of the shift to vouchers in housing. Frances Fox Piven and Richard Cloward argue that the provision of benefits to the poor is a tool used by the government to tamp down social unrest, and that the expansion of benefits most often occurs in periods of heightened civil unrest or disorder. Correspondingly, in periods of relative calm benefit levels are contracted.[19] As Reagan era saw changes in the form, direction and level of housing benefits, the Piven and Cloward thesis suggests that low income housing benefits diminished because unrest was quelled and the boisterous discontent that precipitated EHAP no longer appeared to policymakers requiring of immediate address.[20] The Piven and Cloward thesis does not,

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[18] A. Scott Henderson, "'Tarred with the exceptional image': Public Housing and Popular Discourse, 1950–1990" *American Studies* 36 (Spring 1995): pp. 31-52.

[19] Frances Piven and Richard Cloward, *Regulating the Poor; the Functions of Public Welfare* (New York: Pantheon, 1971).

[20] For another explanation, see Theda Skocpol, *Protecting Soldiers and Mothers: the Political Origins of Social Policy in the United States* (Cambridge: Harvard UP, 1992).

however, offer a theory to explain why benefits change form as well as or instead changing levels.

Accounts of the period of EHAP and immediately prior suggest why that change in form occurred. Politically and culturally, the shift towards vouchers was facilitated and reified by scholarly and journalistic accounts of the conditions of public housing and experiences of public housing residents. This literature depicts large-scale projects as deteriorating due to (in)action by housing authorities as well as because of the violence and crime that dominated popular media accounts. The first generation of literature on this topic includes a series of ethnographic accounts including William Moore's *The Vertical Ghetto*, but the best-known work in this vein is from a later period– journalist Alex Kolowitz's *There Are No Children Here*.[21] These accounts focus on public housing's most paradigmatic failures, large Midwestern projects, such as Chicago's Henry Horner and Robert Taylor Homes and St. Louis' Pruitt-Igoe. Sharing a narrative of decline, they trace the deterioration of the projects and place the lives of their human subjects in a parallel trajectory. In these ethnographically framed analyses, housing policy takes a back seat to the deplorable living conditions, social isolation and inescapability that characterize the plight of public housing residents described in their pages. *The Vertical Ghetto* takes a sociological approach, describing the "conditions, attitudes, and patterns of behavior of a group of people who have been labeled culturally disadvantaged, as well as… the pervasiveness of project living on the lives of the residents."[22] Moore describes the high-rise housing project as the "new symptom and edifice of poverty" that arose "in the midst of [a] new cultural syndrome." Project symptoms infect tenants and leave them "corrupted by need, confused by

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[21] Alex Kolowitz *There Are No Children Here* (New York: Doubleday, 1991) and William Moore, *The Vertical Ghetto: Everyday Life in an Urban Ghetto* (New York: Random House, 1969).

[22] Moore, p. xiiv.

bureaucracy, exploited by merchants, and eroded by despair."[23] Out of this literature came descriptions of disordered "underclass" community life in the poor inner city—a depiction disseminated by Charles Murray and William Julius Wilson.[24]

Reclaiming the Projects by Lawrence Vale takes stock of some of the non-voucher alternatives proposed and attempted. Vale uses examples of large-scale housing reforms in Boston to argue for the value of construction-based, conventional public housing. He examines three Boston sites where revitalization was attempted. Vale argues that by the 1980s, such communities had become the geopolitical space in which the stigmatized undeserving poor resided, sometimes in fact, but always in the public eye. As a result, "housing authorities have accepted the notion that public housing is always about more than housing; it also entails job training, day care, and social support for very poor people with very serious financial, physical, and mental health problems."[25] He argues that addressing that stigmatization in place, rather than

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[23] Moore, pp. 3, xix.

[24] In *Losing Ground*, Charles Murray traces the origins of the underclass to increases in government assistance to low-income households between 1950 and 1980. Especially damaging, he argues, was popular acceptance of government aid as a semi-permanent entity in the mid-1960s. These changes generated the underclass, he asserts, by making it "profitable for the poor to behave in the short term in ways that were destructive in the long term." William Julius Wilson's intervention in *The Truly Disadvantaged* is to insist that structural changes in the labor market, when combined with the suburbanization of upper and middle class African Americans, created a community in which middle class behavior was not modeled and where economic and social isolation led to self-perpetuating pathological behaviors. Transmitted across generations, these pathologies created an aberrant and often matriarchal underclass culture. Nancy Denton and Douglas Massey take issue with these accounts in *American Apartheid*. They view residential segregation as the determinative factor, the structural barrier without which other factors would be insufficient to create an underclass. Accordingly, the culture of the underclass is not self-perpetuating so much as it is collectively re-inscribed by structural forces. See Charles Murray, *Losing Ground* (New York: Basic Books, 1984); William Julius Wilson, *The Truly Disadvantaged: The Inner City, The Underclass and Public Policy* (Chicago: University of Chicago Press, 1987) and Nancy Denton and Douglas Massey, *American Apartheid: Segregation and the Making of the Underclass* (Cambridge, Harvard University Press, 1993).

[25] Lawrence Vale, *Reclaiming Public Housing: A Half-Century of Struggle in Three Public Neighborhoods* (Cambridge: Harvard UP, 2002) p. 407.

via demolition and dispersion, can have benefits for both cities and public housing tenants, a notion that directly contradicts the major premise of voucher programs. Ultimately, the models of reform Vale advocated held considerably less political sway in the 1970s and 1980s than combining vouchers with demolition and deconcentration.

Scholars are beginning to explore the reasons why. Janet Smith's "The Space of Local Control in the Devolution of U.S. Public Housing Policy" offers another explanation of why some plausible non-voucher solutions have been met with limited enthusiasm. Smith uses a theoretical model of the production of space(s) to illustrate why federally designed reform programs do not map well onto the socio-geographic space that public housing occupies on the actual local level. The essential notion raised by the theoretical model she offers is that reform of housing through local control presumes that not some but *all* of the factors that shape the private housing market and its response to housing vouchers are controllable on the local level. She correctly points out that numerous structural factors, including structural racism, resistance to government oversight, and the relative tightness or looseness of the private rental market are not purely local factors. Accordingly, shifting funding and policy control to local governments does not change the space into which assisted housing tenants enter using their housing choice voucher. They experience that market as space that has significant resistance to their presence and participation, in which the government only intervenes when a narrowly defined rights violation occurs. The prevailing conditions that militate against their access to the market are not subject to scrutiny.[26]

Smith's analysis raises several salient questions about the consequences of the shift to vouchers, some of which Leonard Rubinowitz and James Rosenbaum explore in *Crossing Class*

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[26] Janet L. Smith, "The Space of Local Control in the Devolution of U.S. Public Housing Policy." *Geografiska Annaler. Series B, Human Geography*, Vol. 82, No. 4. (2000), pp. 221-233.

and Color Lines, a study of outcomes for participants in the *Gautreaux* voucher program in Chicago. This program, created as a result of a Supreme Court finding of discriminatory housing practices by HUD and the Chicago Housing Authority, moved hundreds of inner-city, low-income African American public housing tenants to new communities, primarily middle-class white suburbs. *Crossing* sees both the potential in moving out of violent and worn-down traditional public housing and the problems of a program that mandated moving far from support networks and familiar environments while facing racial and class hostility and social barriers. *Crossing* makes clear that moving housing assistance onto the private market shifted but did not eliminate barriers to housing.[27]

The *Gautreaux* program mirrored EHAP program in several ways, but also diverged from the EHAP model. In Gautreaux, five experimental years preceded its institutionalization in 1981. A panel of housing experts and authorities designed the program without seeking input from its subjects, the residents of Chicago's Public Housing. A series of congressional hearings surrounding the original litigation and the program prompted revisions and thus as in EHAP, local and federal politics intersected with ideology and civil rights law. At this intersection lies the reconfiguration of ideas about race and gender in the structures of society, as well as a shift in the space where such ideas could be conveyed and contested. Chicago HUD's exclusive placement of public housing in poor African American neighborhoods on a scale of thousands of units prompted judicial intervention against racial discrimination and segregation. As in EHAP,

[27] Leonard Rubinowitz, James Rosenbaum et al., *Crossing Class and Color Lines: From Public Housing to White Suburbia* (Chicago: University of Chicago Press, 2000).

however, individuals moved, but little neighborhood change resulted, and the lives of participating families were not readily, reliably transformed.[28]

Andrea Gill also looks at the use of vouchers in the *Gautreaux* program, finding that politicians and policy-implementers embraced the free market and disregarded or rejected other solutions in large measure because the vouchers focused on individual choice—by households and landlords. Pressing housing vouchers into individual hands obviated disputes over desegregation, as officially the policy was "colorblind." As Gill argues, "A federal embrace of purportedly race-neutral market-based solutions ultimately fostered an unspoken resistance to residential racial integration, one that relied on the economics of housing costs and failed to acknowledge the role of federal policy in creating metropolitan racial geographies."[29] Economics, in this view, operated as a force of counter pressure against formal legal equality, and outcomes that would have been forbidden if created by the state were sanctioned when they emerged from "housing choice" on the part of *Gautreaux* participants. Many of the limitations that scholars have noted in examining *Gautreaux* and the nationwide program modeled on it, Moving to Opportunity (MTO), were evident in EHAP. In essence, studies of Gautreaux and MTO have reiterated the findings of EHAP.[30] The persistence of the model in the face of such data highlights the role of politics in the use of data to make policy decisions.

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[28] The definitive account of the *Gautreaux* program is Alexander Polikoff, *Waiting for Gautreaux: A Story of Segregation, Housing, and the Black Ghetto* (Evanston: Northwestern University Press, 2007). Polikoff was the primary litigator through the decades of court battles that created and enforced scattered site, voucher based housing in order to address the segregated housing that the Chicago Housing Authority was found to have built with its project-based programs.

[29] Gill, "Moving to Integration? The Origins of Chicago's Gautreaux Program and the Limits of Voucher-Based Housing Mobility," p. 15.

[30] Xavier de Souza Briggs, Susan J. Popkin, and John Goering, *Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty* (New York: Oxford University Press, USA, 2010).

These works make clear that the decline of political support for traditional public housing was not merely the rational conclusion of an objective analysis that found nothing in the projects worth rebuilding. Attempts were made to revitalize failing housing sites, with varying degrees of success. High rises were toppled. Courts intervened to attempt to create opportunity to move for the Chicago inner city residents. Thus, the existing literature makes clear that the shift to vouchers did not occur because there was no other way. The literature also raises questions about what role various stakeholders had in research on, and the implementation of, voucher programs. The liberals sought to use a fundamentally market-based reform strategy to achieve social change despite abundant evidence that vouchers were ill suited to that outcome. These efforts continue to this day because the space for counseling exists in few programs other than voucher programs. Conservatives, for their part, mustered data to validate a claim that the market outcomes of the program satisfied the requirements of fair housing and equal opportunity, a claim that itself defined those very terms. Policy research and data thus serve as tools for making politicized arguments about policy rather than as definitive testaments to the objective validity of an approach.

This dissertation's historical examination of the nation's first social experiment in vouchers illustrates that the lessons and evidence of EHAP left enough space in an essentially conservative social program that seekers of more liberal social outcomes worked through rather than against the approach.[31] Exactly why will only be clear in the light of further historical

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[31] The two most extensive existing treatments of EHAP are a subsection in R. Allen Hays, *The Federal Government and Urban Housing: Ideology and Change in Public Policy*, 2nd ed. (State University of New York Press, 1995) and a chapter in Jeremy B Johnson, "Beyond Retrenchment- The Political and Ideological Foundations of the New American Welfare State, 1970-2000" (Brown University, 2010), http://gradworks.umi.com/34/30/3430061.html. In a political science dissertation, Johnson cites EHAP as a case fitting his theorization of the period from 1970-2000 as one in which liberals generally came to embrace policy that had previously

examination, but the chapters that follow point to a number of significant factors. The policy environment of the 1970s and 80s was difficult one in which to make a liberalizing change in the nature of assistance—for much of the 1970s and 80s advocates of social programs focused on protecting programs in an era of cutbacks, not on building them up or transforming them. Another factor, I argue, was that implementing equal opportunity and fair housing programs via existing bureaucracies tended to dull radical edges through the force of institutional inertia and habits. The familiar forms and anxieties of existing programs circumscribed the range of the possible for novel efforts. For example, fear of residential racial conflict prompted researchers to plan responses to potential conflict over voucher programs that prioritized quelling opposition over the integrity of the experiment and even the civil rights of participants.[32]

Another strain of scholarship relevant to the project focuses on the examination of social scientific research in this period. Of particular significance here are Jennifer S. Light's *From Warfare to Welfare: Defense Intellectuals and Urban Problems in Cold War America* and Alice O'Connor's *Poverty Knowledge: Social Science, Social Policy and the Poor in Twentieth-Century U.S. History*.[33] Jennifer Light traces the post-World War II evolution of urban policy research in several areas through a web of think tanks, federal government agencies, and municipalities. Light interrogates the process that led defense-focused think tanks into urban policy research, and examines how those relationships shaped the process and the language of

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been conservative. My work intervenes to suggest that, in fact, liberals continued to seek their initial goals through the "conservative" solution that EHAP represented.

[32] This instance of conflict planning is discussed in Chapter 3, which looks at the Supply Experiment.

[33] Jennifer Light, *From Warfare to Welfare: Defense Intellectuals and Urban Problems in Cold War America* (Baltimore: Johns Hopkins University Press, 2003); Alice O'Connor, *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-Century U.S. History* (Princeton: Princeton University Press, 2001).

urban policy making during the Cold War.[34] Many EHAP researchers and planners had come from careers in defense in the era just subsequent to the one on which Light focuses, and while the longer history of both Abt Associates and RAND in urban policy research somewhat muted the "civil defense" and "security" orientation of their work, EHAP bore the hallmarks of the military-industrial complex as well. From the basic premise of systems analysis, which led to the notion that data alone could determine the best course of action in housing policy, to framing research tasks with names like "contingency planning" and "reconnaissance," EHAP makes clear that the defense frame limited the transformative, progressive bent of programs.

Alice O'Connor's *Poverty Knowledge* is a foundational text in the examination of social sciences role in forming the social policy from the Progressive era through the welfare reforms of the mid-1990s. O'Connor's intervenes in the scholarly discourse about think tanks, government and urban problems to show how questions asked by researchers about urban problems narrow the types of policies that can be developed to solve them. Any question has the effect of limiting the field of potential answers, and thus the production of knowledge cannot be ideologically neutral. O'Connor argues that conservative political elites curtailed the liberal intentions of many social researchers and used purportedly objective data to pursue their ideological agenda. Further, in using methods of knowledge production that are only available to an intellectual (and ergo often economic) elite, poverty knowledge producers reflect the socioeconomic stratification that they intends to investigate and resolve, which may limit the

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[34] Light, *Warfare to* Welfare. Light briefly touches on the transformation of defense vocabulary into urban policy, using examples such as "reconnaissance/ remote sensing" and "intelligence/ inventories." For another perspective on the relationship between social scientists, research, and public policy, see William E. Cross, Jr. *Shades of Black: Diversity in African-American Identity*, (Philadelphia: Temple University Press, 1991). Cross-examines the research findings used by the Supreme Court to support its decision in *Brown v. Board of Education*.

range of solutions devised.[35] Separately, many historians have examined the role of the mobilized conservative grassroots in shaping local and national social policy.[36]

The case of EHAP reveals yet another layer of critical actors. They were neither politically organized grassroots groups nor O'Connor's D.C. political elites. In large measure it was contracted research staff, mid-level agency bureaucrats, and local officials oversaw this unusual test of possible policy changes. As such, EHAP's implementers faced significant and at times contradictory pressure to avoid both real and hypothetical confrontations about issues of class, gender, and race. As a result of that pressure, I argue, the approaches to discrimination that emerged in EHAP favored the market and keeping the social peace rather than embracing the conflict that arose from pursuing civil rights proactively.

The full history of EHAP thus offers a window into how federal bureaucrats, social policy researchers, and local communities negotiated the tensions surrounding race and gender equality in the 1970s. Often, those responses contributed to the enduring market inequality that EHAP participants faced in "The Great Housing Experiment."[37] EHAP's untold history reveals the contingent processes through which institutional racism and sexism became a part of social programs that rely on the free market. This history contributes to the scholarly task that Kim Phillips-Fein describes as "thinking anew about how ideas about the economy are connected to

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[35] O'Connor, pp. 6-11.

[36] O'Connor provides an excellent analysis of the political trajectories of several other major social experiments from this era, particularly those concerned with providing a guaranteed income, such as the New Jersey Negative Income Tax experiments. On the grassroots level, two excellent studies of conservatism's impact are Lisa McGirr's *Suburban Warriors: The Origins of the New American Right* (Princeton: Princeton UP, 2001) and Matthew Lassiter, *The Silent Majority: Suburban Politics in the Sunbelt South* (Princeton: Princeton UP, 2006).

[37] This name was given to EHAP by Joseph Friedman and Daniel Weinberg's *The Great Housing Experiment* (Beverly Hills: Sage Publications, 1983), a volume compiling analysis by EHAP researchers.

those about sexual roles and racial hierarchies" during conservatism's ascendance in the second half of the 20th century.[38] Mandated by civil rights laws to provide equal opportunity and protection from discrimination, EHAP researchers and site staff primarily focused on fulfilling the letter of these laws without agitating non-recipients among local communities, and free-market mechanisms more often than not defined how much access participants had to fair housing and equal opportunity protections.

Understanding EHAP begins to explain why and how institutional racism and institutional sexism regained footholds in bureaucracies and institutions after housing discrimination was stripped of legal sanction by the Fair Housing Act and related civil and gender rights legislation. Looking at EHAP complicates historical understandings of the conservative ascendance in the postwar period by bridging the gap between social histories of the conservative movement and political histories focused on conservative luminaries. To those histories, this dissertation adds those of government agency staffs, policy researchers, and ordinary local communities. As they implemented the allowance experiment, these actors responded to expectations and fears about destabilized race and gender hierarchies in different ways from grassroots activists and political elites.

Furthermore, the history of EHAP qualifies contemporary studies of the sociogeographic impact of vouchers. EHAP's decades old data suggested that the "housing choice" of households on the free market would never be sufficient to effect residential desegregation, even if the financial incentives provided were far greater than those in any program contemplated or tried. Yet EHAP evidence is rarely if ever incorporated into these studies. In light of it, scholars should

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[38] Kim Phillips-Fein's "Conservatism: A State of the Field" points to the need to better understand these connections in the *Journal of American History* 98, no. 3 (December 1, 2011): p. 735.

consider the question of whether vouchers can desegregate to be resolved in the negative. If vouchers are going to be the predominant form of housing assistance, and recipients are not going to leave their neighborhoods of origin, the real policy question is how to embrace those choices, limited as they are by the segregated broader market, and make neighborhoods of origin better at meeting the needs of voucher receiving families. That reality should renew study of programs that improve neighborhoods while preserving a place for low-income households, not continue to analyze the few outliers who, without a mandate, use vouchers to move to neighborhoods where better "opportunity" already exists.

Outline of Chapters

The chapters of this dissertation, as a whole, provide the first monograph length narrative history of EHAP. Individually, each of the chapters examines one aspect or phase of EHAP. The dissertation's first chapter traces the experiment's legislative and political origins to the urban unrest and social crisis of the late 1960s and examines the role of the experiment in shaping HUD's niche among executive department's during the agency's early years. It details the developing relationships between HUD and the research contractors, and lays out the high level design of the experiment. It also identifies key participants whose backgrounds in defense and aerospace technology influenced the research mentality and the design of the experiment. The next three chapters focus, in turn, on the three sub- elements of the experiment that examined different parts of the market approach.

The three chapters that look at the EHAP three elements examine different aspects of the overall experiment most notable in that respective sub-experiment. The Demand Element focused on the low-income family, the "demanders" in the experiment, and how they would use or misuse the allowance. My analysis of the demand element centers on the role that quantitative data and rigorous adherence to scientific protocols played in justifying the experiment and ultimately market based housing policies. The next chapter, on the Supply Element, looks at the response of the housing market and local communities to an allowance program. These communities tempered the desire for the influx of federal dollars with fears of social discord and opposition to serving as what one local elected official described as government "guinea pigs." The chapter on the supply element focuses on how local communities selected as experimental sites were impacted by a decade of full-scale operations and five years of significant data gathering. I also use community responses to the experiment to analyze local level responses to changing legal mandates forbidding race and gender discrimination in the housing market. The final sub-experiment, the Administrative Agency Element studied how existing government agencies would adapt the allowance program. Thus the chapter examines local social and bureaucratic norms related to race, class and gender. In the eight cities of the AAE, existing social service agencies had wide latitude to modify the experimental protocol so that the program might successfully enroll eligible families while minimizing community opposition and participant stigma. In making program modifications, the agencies embraced regional "commonsense" and tacit beliefs about the implications of participants' race, gender and class on their ability to successfully transact for housing on the open market. Compensatory mechanisms not only undermined some of the experimental principles but also, in a foreshadowing of national programs to come, frequently generated buffers between participants and the free market. Compensatory mechanisms also blunted the impact of the program in the community in hopes of avoiding the "welfare image" that administrating agencies blamed for the failures of other social programs.

The final chapter examines the impact of the experiment on both subsequent housing policy and on norms of knowledge production for political audiences. I argue that the experiment presaged often-undesired outcomes in housing voucher and other privatization programs, but that these results were little noted by scholars and policy makers. Instead, government reports used EHAP evidence selectively to support privatization of housing programs. Together, the five chapters begin to unpack the history of EHAP, establishing its place in the history of social science, the history of conservatism's rise in the 1970s and 1980s, and adding another layer to historical understandings of how implementation reshaped the civil rights legislation of the 1950s and 1960s in a predominantly conservative direction.

Chapter One

"Purchasing Power" and "Personal Dignity":

Origins and Design of the Housing Allowance Experiment

> "Under this proposal, housing allowance payments would be tied to specific families. Thus, purchasing power would be provided directly to poor families, thereby enhancing their personal dignity and reducing their economic dependence on slum housing…While public housing as we know it will change immeasurably over the next few years…we must also begin thinking of alternative programs to address the needs of the poor."[1]

Introduction

On September 23rd, 1970, Senator Edward Brooke from Massachusetts took to the Senate floor and offered these comments in support of a provision within the housing bill that had recently been voted of the Banking and Currency Committee, and would soon come to a full Senate vote. Housing was an important focus of the Senator's congressional work, and the bill contained several provisions important to him. In these remarks supporting a program that would provide money for housing and dignity while eliminating dependence, Brooke was voicing the existence of social equation that often remains implicit in American society. That equation directly links moral values to economic ones. In it, personal (and familial) dignity and independence are derived from household purchasing power, specifically the power to transact for ones housing on the private housing market. Participation in the free market was broadly conceived as attaching market participants to social and cultural practices of citizenship. Linking the condition of a family's housing to its political citizenship recalled one of the very oldest ideas about America and the character of its citizens. In America, one's home has always been a

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[1] US Congress, Senate, Senator Edward Brooke of Massachusetts speaking on the Housing and Urban Development Act of 1970, S. 3639, 91st Cong., 2nd sess., *Congressional Record* 116 (September 23, 1970): p. 33459.

symbol of one's liberty and (successful) pursuit of property– the heart of the American Dream, the physical site of origin for many of a citizen's freedoms and responsibilities. From the first division of single room homes into two roomed ones with a parlor in the seventeenth century to the post-World War II suburban single family home with a yard and picket fence, housing has stood as a sign of ones values and place in the community and society.[2]

The proposal that Brooke rose to support that day was a social scientific experiment that sought to imbue the poor with these attributes, and perhaps fuller citizenship, by changing the way in which the government helped house them. Under this program, participants would be given money directly and expected to use it on the private, free market themselves, rather than living in government-built and run public housing. The new approach was highly controversial, and so the proposal called for an experiment, a test with a rigorous methodology that would generate hard data about experimental effects on participants and the housing market. In particular, the test would gauge how assisted families, markets, communities and government agencies would respond to a housing allowance, a government payment to bridge the gap between the cost of standard housing and low-income families ability to pay. Families would use the payment to secure housing themselves on the private market. For Brooke, who strongly supported the idea, the scientific rigor was a compromise; he had initially proposed a more malleable demonstration that allowed for adjustments intended to avoid negative results. But

[2] Many scholars have examined the relationship between economic participation and citizenship after World War II. This idea of "consumer" citizenship is perhaps most associated with Lizabeth Cohen's *A Consumer's Republic* (2003), but is also an important concept in Alice Kessler-Harris's *In Pursuit of Equity* (2001) and Meg Jacob's *Pocketbook Politics* (2007). Similarly to Kessler-Harris, I am interested here not just in how this construct operated or emerged, but on how it affected those for who it was unattainable, and in some cases even defined against. A rich discussion of the role of housing in evolving standards of "gentility" see Richard Bushman *The Refinement of America: Persons, Houses, Cities* (New York: Knopf, 1992).

skeptics wanted hard data, so the proposal, enacted as Section 504 of the 1970 Housing and Urban Development Act, called for the Experimental Housing Allowance Program (EHAP). EHAP was the first nationwide step away from government built housing developments, often pejoratively called “the projects.” Instead of this approach, the program was a step towards the currently dominant form of government housing assistance, in which subsidy dollars are linked to needy families and not to particular units. Under this framework, market demand, not direct federal subsidies, would prompt suppliers to renovate or build housing units. Recipients, in turn, were supposed to be able to select units based on their own preferences. If the approach worked, the market would respond to meet the increase in demand they would cause.

EHAP was intended to test this hypothesis about purchasing power and personal dignity scientifically. Over the course of a decade of research, EHAP grew from the modest $15 million dollar authorization in the 1970 bill into the largest social scientific experiment that had ever been conducted, involving over 30,000 families in 12 states from coast-to-coast.[3] Over that period, it became clear that many other variables complicated Brooke’s simple logic equating purchasing power to personal dignity. Far more than purchasing power defined the civic and social status of poor families. The interplay of race and gender with low-income status meant that when they had purchasing power, the market would not readily supply many such families with housing. An allowance did not make a single Black mother and an elderly white widow market equals, and it did not convince suppliers to treat either of them like a family with an employed, white, male head of household. The design of the allowance test was shaped by these

[3] This is the figure used in Raymond Struyk, *Housing Vouchers for the Poor: Lessons from a National Experiment* (Washington D.C.: Urban Institute Press, 1981), the final Urban Institue report on the allowance program. The actual figure was higher because families continued to enroll in the program, which continued even after the research aspect ended, in some places lasting until 1984.

realities as researchers and policymakers negotiated between the protocols of science and the realities of the experiment's political context.[4]

The focus of this chapter is the emergence of the allowance experiment that Brooke proposed, its legislative authorization, and the initial design of the research program, which laid the foundation for the field tests discussed in the subsequent chapters. At the time, the allowance program was a radical re-envisioning of the form of the government's oft-cited commitment to ensuring "a decent home and suitable living environment"[5] for all citizens. It emerged only in the context of significant social upheavals including new and proposed legislation securing civil rights for people of color and women, as well as recurring urban crises in many cities. In this moment of uncertainty, the appeal of evidence, or rational analysis of proposed policy, held out the allure of incontrovertible answers to deeply ideological questions. Experiments like EHAP were conducted in several aspects of policy, mostly those relating to subsidies for the poor, in the hopes that the policies proposed by various ideological camps could be definitively shown to work or to be flawed. The process, of course, was never to be so cut and dry.

Accordingly, I pursue two related lines of analysis in this chapter. The first proposes that two often-opposing forces shaped the experimental design in ways that governed both experimental outcomes and what could be learned from them. One force was the desire for the incontrovertible evidence about the impact of an allowance program that a rigorous scientific test

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[4] This tension is ongoing and recognized by scholars and practitioners in public policy. For example, see Deborah Stone, *The Policy Paradox: The Art of Political Decision-Making* as well as her *Capturing the Political Imagination: Think Tanks and the Policy Process.* My intention is to extend this scholarship to examine the role of politics in determining what policy questions are selected for evaluation using evidence-based research and in how the knowledge to analyze how is created. Another classic that advances this idea is Frances Fox Piven and Richard Cloward's *Regulating the Poor: The Functions of Public Welfare* (London: Tavistock, 1972).

[5] This formulation is often used in housing policy to articulate the goal of government housing programs; its first use was in the Housing Act of 1949.

seemed to provide. While the desire for evidence if common to nearly all policy decisions, the magnitude of the force was in this case amplified by a sense that the poor were unknowable. The call to experiment was linked to a view that inferences about "rational" behavior that could be made about the middle class could not be imputed to the poor. The other was the political pressure to buffer the science with design elements intended to prevent negative outcomes ranging from rent inflation to a racially charged community backlash. The instances discussed in this chapter establish a pattern of these tensions that continued throughout the experiment and related policy analysis.

The second line of analysis proposes that the development of the allowance program was formative in establishing the federal Department of Housing and Urban Development (HUD) as a producer of policy relevant social scientific research. HUD's efforts to secure and expand the allowance test had long-term ramifications for the department's relationship with major research contractors (who continue to do HUD research to this day), with the housing industry and its political lobby, and with federal oversight agencies. When the allowance program was authorized in 1970, HUD's policy research division was newly established, and HUD itself was just five years old as a cabinet-level agency. Establishing and defending the EHAP, therefore, gave HUD staff an early opportunity to establish their new agency's autonomy, build networks of support and define HUD's research agenda. Prominent in that respect was a dispute with the White House Office of Management and the Budget (OMB) over the balance between political considerations and scientific method in EHAP's design. Similarly influential on the experiment and the research division were the defense and space experts who worked for HUD and at the research contractors, including RAND Corporation and Abt Associates. The impact of these experts on the framework from within which HUD pursued answers to policy questions is introduced in this chapter and elaborated in those that follow. Not infrequently, the influence of military expertise on the study of urban areas led researchers to view domestic society through the metaphors of war. Researchers performed "reconnaissance" on selected communities and vacillated between a view of research subjects relocating to new neighborhoods as "dispersed" or in moments of conflict as an "invasion."

In order to provide a historical narrative of the, each chapter follows a chronological framework while pursuing relevant points of analysis.[6] This chapter begins with a discussion of the state of housing programs before EHAP and urban crisis that generated support for an experiment with allowances between 1968 and 1970 when the idea had existed for decades previous. I then describe the team of social scientists, researchers and bureaucrats who came together to design EHAP with particular attention to the questions they believed were most important to answer, such as whether the program would cause inflation and if communities would accept poor, non-white recipient families who moved to whiter, more prosperous neighborhoods. This section establishes the early influences on, and compromises regarding, the program the researchers designed between January 1971 and the middle of 1973. Subsequent to that section is one describing the precipitous moment in the spring and fall of 1972 when conflict with the Office of Management and the Budget over the necessary degree of scientific rigor in the experiments nearly lead to EHAP's cancellation. The penultimate section examines significant commentary about the experiment in the scholarly and general journals and other media that bolstered the effort during this critical period. These commentaries came from scholars, policy professionals, housing industry members and ultimately from President Nixon as

[6] R. Allen Hays, *The Federal Government and Urban Housing: Ideology and Change in Public Policy*, 2nd ed. (State University of New York Press, 1995) includes a few pages on EHAP in his chapter on consumer housing subsidies from 1973-1980.

he supported the experiment while suspending all other housing subsidy programs in 1973. The end of the chapter turns to the experimental design process itself outlining the shared features of the three distinct elements (Supply, Demand, and Administrative Agency) called for by EHAP's designers. These distinct aspects of the experiment are the basis for the next set of chapters. Even in these features of the experiment that were designed with the greatest concern for scientific validity and statistical generalizability, political pressures crept in and prompted, as we shall see, decisions that introduced political consideration into the experimental methodology.

Origins of the Housing Allowance Idea (1937-1967)

Housing subsidies in the United States have been subject to ongoing partisan debates about their merits for as long as they have been proposed. Within that wider debate, the use of demand oriented subsidies, and payments directly to households in particular, had long been contemplated, but until the late 1960s proved so controversial that few demand side efforts were undertaken. When it was begun in 1970, the Experimental Housing Allowance Program (EHAP) represented a compromise within those debates.[7] It brought together those who sought a full national program of direct cash assistance and those who rejected this approach for low-income housing even though they supported demand subsidies for the better off in the form of federally-supported loans and mortgage insurance. The experimental program brought these sides together with the promise of solving an intractable problem at a moment of crisis. With the creation and design of EHAP, the Department of Housing and Urban Development and the federal

[7] The allowance experiment was called various names in the early design process, some of which ("HARP") appear in the titles of documents cited in this and other chapters. For the sake of continuity and clarity, I have used the same name and acronym throughout the dissertation.

government sought to solve urban problems with an approach that would house the poor in the same way that America housed other social classes, via the free market.

To understand the controversy surround housing allowances, one can turn to the history of earlier forays into housing assistance that used the free market. Though a demand approach had always been contemplated, high unemployment and an obvious need to modernize much of the nation's housing with features like indoor plumbing, the earliest federal housing programs, initiated during the New Deal, adopted a supply and production approach. The first federal housing programs subsidized the building of homes and made them available at below market rates. Just over a decade later, demand oriented solutions were debated during the legislating of the Housing Act of 1949. Yet again, no demand side approaches were adopted. However, the1949 Act's declaration of a national obligation to ensure "a decent home and suitable living environment" for every American became the cornerstone of American housing policy, and the failure to meet that obligation would be raised by advocates of demand side programs in the decades that followed. In 1953, a Senate committee considered the possibility of a "rent certificate" scheme that contained certain features of a demand-side approach. A rent certificate would have been similar to a food stamp-- a certificate would be bought for less than face value from the government by qualified households, and then redeemed at full value by landlords willing to accept the certificate. Like food stamps, however, certificates did not fully integrate households into the market because the certificate marked them as different. In 1965, a small federal program of "rent supplements" for the private market was created. This was a step towards a free market approach, but supplements could only be applied to units pre-enrolled in the supplement program, thus creating a submarket "pool" of housing for supplements. Further, the program was predicated on an agreement between the supplier and the government, not the demanding household. Another program established in 1965, Section 23, allowed housing authorities to lease private market units for low-income tenants, but here again the household could not choose any unit on the private market. Further, households subleased from the housing authority rather than interacting directly with the market. The choice of both supplier and location rested with the local housing authority, just as it did in all traditional supply side housing programs.[8] As EHAP was developed and implemented, it became clear that to give poor people money and expect that they would use it effectively on the market was a radical idea, one that would struggle to gain traction for the same reasons that kept the allowance idea from being tried for so many decades.

As this chronology illustrates, until the late 1960s, the anticipated negative impacts of direct assistance dissuaded the government from implementing housing allowances. Despite advocacy for allowances from observers, researchers and even some housing suppliers, the objections of detractors blocked efforts to try allowances. Some of their objections were familiar to any debate about aiding the poor: the program cost too much, the allowance would be squandered, the aid would discourage work, and it would be unfair to those who earned slightly too much to be eligible, driving up competition via unearned cash giveaways. Other objections were specific to the housing allowance concept. Market-wide inflation in housing costs wad universally feared. Some liberals objected that the program would help landlords while raising the cost of housing for all low-income households. Other liberal detractors also worried that the freedom of choice promised in theory would be undermined by segregation and discrimination in

[8] The account of legislative efforts given here is drawn from the Urban Institute's final report on EHAP: Raymond Struyk, *Housing Vouchers for the Poor : Lessons from a National Experiment* (Washington D.C.: Urban Institute Press, 1981)pp. 23-29. The account of previous considerations of the housing allowance and related concepts is nearly universal in the major reports authored by both government agencies such as HUD and the Government Accountability Office and by the research institutes that conducted EHAP.

practice.[9] Another concern for many was that no meaningful rehabilitation of substandard units would take place, and the government would be subsidizing private slums. Housing industry advocates, including financers and builders, grew more skeptical about allowances as their industry increasingly drew on supply subsidies. In the face of these objections, allowances remained an appealing but little studied and untested solution to a refractory problem. Until 1968, detractors carried the day, and even the rent supplement idea remained a small program encumbered by limits on its reach and funding. When social crisis finally prompted the creation of EHAP, the fundamental questions raised by detractors framed the experiment and the subsequent political analysis of its data. At the core, these were questions about what economic and social rights and privileges poor families should have on the free market. More often than not, those questions overlapped with ones about the rights and privileges people of color and women at a time when laws and societal ideas about all of these categories were in flux.

Crisis in the Cities: The Allowance Idea Ascendant (1968-1970)

Not until provoked by crisis did the government undertake a serious endeavor into the use of direct housing assistance to households without any financial arrangements between the housing supplier and the government. This first foray into a direct demand side approach was an experiment, premised on increasing the purchasing power and market leverage of the consumer in order to improve their own housing circumstances. Congress mandated the experiment in

[9] Essentially identical accounts of the pre-1968 discussions of housing allowances are provided in *The Great Housing Experiment*, Joseph Friedman and Daniel Weinberg, eds. (Beverly Hills: Sage, 1983) and *Housing Vouchers for the Poor*, Raymond Struyk and Martin Bendick, eds. (Washington, D.C.: Urban Institute Press, 1981), both of which are compilations of papers by major researchers who worked on EHAP. The archives of the Leadership Conference on Civil Rights, as well as correspondence between HUD and the NAACP reflect that these concerns continued as the allowance experiment took place.

Section 504 of the Housing and Urban Development Act of 1970. Ultimately, this Experimental Housing Allowance Program (EHAP) became the largest social scientific experiment of its era. The experiment was prompted by pressure to address the long-term causes of the civil unrest and violence that erupted in American cities as the 1960s drew to a close. Over the course of decades long and increasingly ardent struggles for civil rights and equality for minority groups, particularly African Americans, city dwellers became unsatisfied with the pace of change and with the government's efforts to address their demands. Uprisings referred to as "race riots" were increasingly publicized by the media, especially in the summers of 1965 and 1967. After the assassination of Martin Luther King in April 1968, the simmering crisis exploded. Major civil unrest and uprisings occurred in dozens of cities. Washington, D.C. and Chicago were particularly hard-hit. Densely populated urban centers saw waves of fires, riots, looting and other violence that persisted through the summer of 1968. Cities were in crisis, and though many policymakers, researchers and academics thought they understood why, few seemed to know what to do about the problems they identified. Whether imagined as a fabric, a contract, or some other symbolic joining, the social relations that had previously knit American groups together were seen as falling apart. Many observers and policymakers saw housing as a point of origin in this disintegration. Housing was not merely figured as a symbolic foundation, but as the actual site where social dislocation first emerged and was then perpetuated, among a class of people, imagined as the black, poor and with a woman at the head, who were not fully citizens.

Policymakers at all levels searched for the means to quell the unrest in the short term. At the federal level, considerable attention became focused on making long-term changes in living conditions in urban areas. Taking cues from the Moynihan report, three new federal study groups convened to address the problems of the cities and their denizens. All three groups honed in on the living conditions in both public and private housing as the source of urban discontent and searched for the means to change those conditions.[10] The Douglas Commission's Report on Urban Problems and the Kerner Commission's Report on Civil Disorders both identified the need to ameliorate the housing conditions of low-income, urban minorities by exploring new approaches. Although Lyndon Johnson convened the Douglas Commission before major upheavals began, and its charge was to consider mundane aspects of housing, such as housing inspections and infrastructure codes, the commission was gripped by the urban unrest and its implications. The crisis was unavoidable as the commission set out across the country to observe and hold hearings in dozens of urban slums. Shocked by what they found, the commissioners acknowledged a sense of "urgency and even alarm" in their findings. The findings were framed with an emotional introductory narration of the state of the urban American, describing them as "disinherited" from American society and imprisoned in the cities or held back like water in a stressed dam. The predominantly non-white inhabitants of these prisons had "a white suburban noose" around their necks, they wrote.[11] The Douglas Commission called for a sweeping new effort to address conditions in the center cities. Although urgent efforts were to be focused overwhelmingly on traditional government housing subsidies and construction, the report did call for a loosening of controls on rent supplement programs.

The December 1968 Kaiser Committee on Urban Housing Report went even further, calling for an experimental test of the allowance approach. Like the Douglas Commission, the

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[10] Office of Planning and Research, United States Department of Labor, *The Negro Family: The Case for National Action* (Washington, D.C.: U.S.G.P.O., 1965). This report, commonly referred to by the name of it's lead investigator, Daniel Patrick Moynihan, generated substantial scholarly controversy, but was for a time very influential in public policy.

[11] National Commission on Urban Problems, *Building the American City (The Douglas Report)* (New York: Praeger, 1969). The Commission's findings were submitted to the President in December 1968

heart of the Kaiser Committee's interest in housing allowances was it view of the relationship between a family's housing circumstances and their access to the freedoms of democratic society. The linkage between poverty, race, female-headed families and housing echoes the Moynihan report. *A Decent Home* depicted the relationship between democratic society and these families as broken. Most of the images in the report focused on families needing assistance feature black children, often dirty, sick, or playing unsupervised. The only images of families that include both parents feature white people. The report opened by referring to ill-housed families as "imprisoned in the squalor of the slums" and trapped in "knotty sociological relations." The report argued that "decent housing" was necessary in order for low-income families to "achieve self fulfillment in a free and democratic society."[12] Squalid slums, then, were more than just unsafe or unhealthy. Quoting President Johnson, the Committee said that such conditions "contradict[ed] the classic picture of American democracy" and denied slum denizens "equal treatment, free choice, an opportunity for a better life, full participation in the benefits of society."[13] Slum life put the status of ones place in the sociopolitical fabric, ones citizenship, at risk. For nearly two decades, federal efforts in this arena had been a part of the problem as much as the solution. Conditions in many cities were such that poor and unsafe conditions inside federally supported housing projects matched the serious defects in the housing that surrounded them.

While the Committee endorsed continued production of subsidized housing in the near-term, they saw in housing allowances the sought after long-term solution. The allowance system would, they hoped, grant low-income families the freedom to partake in market activity and to

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[12] President's Committee on Urban Housing, *The Report of the President's Committee on Urban Housing: A Decent Home.* (U.S. G.P.O., 1968) pp. 1, 3.

[13] Ibid., p. 45.

freely choose the location and characteristics of their home. These were important aspects of American democratic society that traditional public housing denied its residents, no matter how high its quality. This logic held that provision of housing outside the free market made poor people less free. Participation in that market, and freedom of choice within it could would not only free the imprisoned families from squalid slums, but also, the committee hoped, enhance their "personal dignity" and thus knit them more closely into the fabric of America's citizenry.[14] Attachment to the housing market through an allowance held the promise of unknotting the sociological conundrum of the slum and fostering greater attachment to democratic society overall. In the wake of the civil disruptions rippling across America's cities, such a possibility had tremendous appeal in the eyes of many policymakers. In a moment of crisis, the balance of the allowance approaches potential and risk tipped towards its potential, and broader tests of allowances quickly took shape.

Serious consideration of these reports within both Congress and the programs of the Department of Housing and Urban Development led to renewed consideration of the allowance concept. HUD, just two years into its tenure as a cabinet-level executive department, promptly contracted the Urban Institute, a nonpartisan research institute newly chartered by President Johnson in 1968, to undertake a study of allowances using theoretical models and then-limited existing housing data. Shortly after the Kaiser and Douglas reports were issued, two very small housing allowance programs were implemented as part of a HUD-sponsored but locally initiated effort called Model Cities at the behest of federal HUD officials. Model Cities was a program that provided funds for localities that proposed to implement innovative approaches to revitalizing urban centers, and these approaches often targeted housing. In the fall of 1969,

[14] President's Committee on Urban Housing, *The Report of the President's Committee on Urban Housing*, pp. 14, 45, 71-2.

Malcolm Peabody, an assistant secretary at HUD, traveled to Wilmington, Delaware and Kansas City, Missouri and encouraged local authorities to design and implement housing allowance programs as part of their Model Cities programs. The outreach was successful and the cities initiated allowance demonstrations. Both programs were extremely small, with only 200 enrolled in Kansas City and just 80 in Wilmington. The budget for the entire Kansas City program was just $300,000 dollars. Despite small size, these pilot programs were the first federally funded programs that included the features of a true allowance program. Money was paid directly to the household, and made contingent on occupancy of a unit that met local housing code. Payments were based on a traditional formula, families contributed 25 percent of their income and the program paid them the difference between that amount and the estimated fair market cost of a standard-quality unit for a family of their size.[15] As pilot programs, however, these efforts were not designed with a methodology permitting systematic analysis, nor were thorough quantitative evaluations planned. The Model Cities initiatives were not meant to provide quantifiable results intended to guide policy and lacked "explicit variation in key policy parameters."[16] The intent was simply to determine if the program could be implemented and enroll households while avoiding the landmines that policymakers believed might destroy such a program.

In spite of their limited scope and aspirations, in the months and years that followed, the Kansas City and Wilmington efforts would play a key, even irreplaceable role in the federal evaluation of allowances because they provided some data prior to any EHAP data becoming available. As Chapter 5 will discuss, later appraisals of EHAP and the decision to implement

[15] "Housing Allowance Review Briefing Book" August 13, 1971, Albert Applegate Papers, Box 4, Bentley Historical Library, University of Michigan.

[16] Arthur Solomon, *The Nation's First Experience with Housing Allowances: the Kansas City Demonstration* (Cambridge: Joint Center for Urban Studies of M.I.T. and Harvard University, 1973), pp. 6-7.

Section 8 vouchers for existing housing units in 1974, the first nationwide allowance-based housing were based heavily on the Model Cities efforts. Thus, these non-experimental, very small efforts often figured heavily in evaluations of the much larger and more systematic EHAP experiment itself.

In Congress, consideration of the commission and committee recommendations about the racialized, gendered crisis among the urban poor led Senator Edward Brooke of Massachusetts to introduce a bill calling for an allowance experiment in July of 1970. Brooke was an important Senate champion of housing issues for the poor, and the first African American elected to Congress by popular vote.[17] In his speech introducing the bill, Brooke echoed the findings of the Kerner, Douglass and Kaiser reports, citing an urgent need to address "a growing sense of hopelessness among this [low-income] segment of our population, which must not be perpetuated." The specifics of the bill called for the establishment, on an experimental basis, of a program that would provide a housing allowance for rental housing to low-income families in locations determined by HUD to have "an adequate supply of housing." The original bill had authorization for 100 million dollars a year to be spent on the payments.[18] With no end date specified for the program, this original bill was reportedly intended to lay the groundwork for a full-fledged program while limiting opposition. It was not meant to strongly "test" the idea of housing allowances with rigorous experimentation that left room for failure. *CQ Weekly* reported, however, that the idea faced committee opposition from Democratic Senators. They

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[17] "Brooke, Edward William, III" *Biographical Directory of the United States Congress,* http://bioguide.congress.gov/scripts/biodisplay.pl?index=b000871, accessed Aug. 22, 2011.

[18] US Congress, Senate, Senator Brooke on the Introduction of Bills Relating to Aid for Low-Income Families—S.4086, S.4087, S.4088, 91st Cong., 1st Sess., *Congressional Record* 116 (July 15, 1970).

saw the idea as a handout for landlords at the expense of higher rents for the poor, and their objections led to revisions that strengthened the "experimental" nature of the program.

Joining Congress and HUD in support of the Kaiser recommendation was a prominent early institutional promoter of the allowance test, the RAND Institute. RAND researchers worked on housing issues from locations in California and New York City. Work in this arena reflected RAND's transition to work in social policy, and its position as one of the early firms providing research on policy issues as federal departments increasingly sought out concrete data from experts to support or guide policy decisions.[19] In California, RAND published a paper on allowances by one of its associates, Edgar Olsen, in 1969. Olsen supported the allowance idea and the paper theorized its positive impact on the housing market without delving into the social aspects of the idea. He had completed his dissertation at Rice University on the topic, and the RAND paper extended his argument that allowances would were a more economical way to distribute housing aid because the private market was more efficient in using the subsidy dollar. In that paper, Olsen pointed to other studies of the idea by researchers in Wisconsin and Philadelphia, who were also supportive of the approach.[20]

RAND researcher Ira Lowry developed the most full-fledged treatise on the potential benefits of housing allowances using his own research at the New York branch of RAND, and would go on to be on of the allowance test's most prominent advocates. Lowry's analysis united two related arguments for new approaches to housing, one economically based, the other focused on societal benefits. Based on his data about New York City housing from approximately 1960-1968, Lowry strongly recommended the allowance approach. He vociferously advocated the use

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[19] A longer discussion of RAND's origins appears in the Chapter Two on the Supply Experiment.

[20] Edgar Olsen, *An Efficient Method of Improving the Housing of Low Income Families* (Santa Monica: Rand Corp., 1969).

of housing allowances because his research revealed rapid declines in New York City's private housing market, where flagging demand was causing chronic non-maintenance and abandonment of rental properties. Lowry hoped that allowances would stabilize declining neighborhoods by creating an incentive for landlords to maintain and repair the housing stock. Allowances had the potential to stem the tide of center city abandonment and the flight of middle-income families to the city's edges and suburbs. In Lowry's analysis, the problem of center city decay stemmed from increases in the cost of and need for housing maintenance, costs that outstripped the price the market would bear for rental housing. Making the problem worse was the social impact of outmigration, in which he said, "as white tenants depart from the fringes of ever-expanding black ghettos, their former landlords…are left to cope with a new class of tenants whose cultural style and domestic economy are alien and in many ways unsuited to high-density urban life." He saw these new tenants as people who "move frequently," "are often unemployed or dependent on welfare." For landlords and neighborhoods the consequence was high collection costs, vandalisms and "endemic" property damage and decay. An allowance would intervene in this cycle by capitalizing on what he saw as a hidden stock of housing. The introduction of an allowance earmarked for only standard housing would prompt improvement and maintenance because the allowance would guarantee the landlord a fair market price.[21]

Lowry, like Congress and HUD, anticipated that market participation would have sociopolitical benefits for low-income families and the broader community. Having identified problems caused by the "cultural style and domestic economy" of low-income black ghettos which was "unsuited" to life in urban areas, Lowry saw remedy in the private market. The

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[21] Ira Lowry, *Housing Assistance for Low-Income Urban Families: a Fresh Approach* (New York: New York City-Rand Institute, 1971) p. 11. He also provided to New York City officials an extended report recommending across the board allowances to replace rent ceilings and limited supply subsidies in the city.

market would be a firm but fair instructor, one that "denies the head of an assisted family the easy path of depending on a public agency to manage his own affairs, requiring him to exercise (and thereby to form) his own tastes and judgment; yet if he regrets his choice, as a renter he is not permanently or heavily committed."[22] Many others who supported and administered the test of housing allowances shared this dismal assessment of the abilities of low-income households and the hope that carefully guided participation in the private housing market would not just improve their housing condition, but also instill in them the skills and characteristics of a citizen. The extent of the need for measures to prepare low-income participants for the private market would be a subject of recurring discussion throughout the planning, implementation and assessment of EHAP. Always at the fore of these discussions was the intent to marry economic measures with social policy goals.

RAND generally joined the Kaiser committee and Senator Brooke in calling for a national field test, and Ira Lowry strongly advocated a more formal experiment. He wanted a test that would quantify the impact of different program protocols, such as methods of distributing payments, as well as the payments impact on deteriorating housing quality. Lowry was interested in generating data relevant to politically oriented questions about the "migratory movements" of whites to suburbs and of poorer minority households to the housing they left behind, as well as about the public reaction to the program and its impact on non-qualified households with moderate incomes. In order to get statistically significant results about as many questions as possible, he wanted to measure many data points. Accordingly, Lowry urged that the field test be open to all income-eligible residents in "a few large cities…prime candidates would be those cities experiencing substantial population losses during the past decade, where hidden housing

[22] Ibid., p. 31.

surpluses would almost surely limit the inflationary side effects." Lowry argued that such a test would allow analysts to experiment with different standards and provide information about their consequences. But he did not think researchers should be charged with answering devising policy on the basis of this data. Rather, he argued that the "limitations of the scientific method" dictated that decisions about what program standards and procedures were best "required political judgments beyond the competence of the technical analyst."[23] Lowry believed a line had to be drawn between the experiment and the policy. On one side were researchers with the goal of generating necessary data, on the other were policymakers charged with deciding what would best serve society.

However sincere Lowry was, brightly drawing this line proved impossible, as the kind of data gathered determined in large measure what questions could be answered, and the questions themselves emerged from a political context, not out of pure science. The social scientist and the policymaker were thus inextricably linked and both would have to compromise the "line" in order to move the project forward. In the months of planning to come, this tension between data generation and more policy-minded experimental protocols determined the contours of the experimental design. The first mark of compromise was the incorporation of a more explicit experimental frame in revised version of the allowance test that Senate Democrats included in the 1970 omnibus housing act, which also outlined a much smaller budget of 15 million dollars per year and a three-year limited timeline. This version of the experiment was finally authorized when the Housing Act of 1970 was signed into law in December.[24]

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[23] Ibid., pp. 32-33, 37.

[24] "Housing Allowances: Government Experiment Will Give Cash and Leave Choice to Needy," *Congressional Quarterly Weekly Report* 32, no. 18 (May 4, 1974): 1110-1113.

Planning to Experiment- Early Work to Design EHAP (1970-1972)

The tension between the pilot program envisioned by allowance supporters and the demands for a more rigid and formal experimental test of the idea endured far beyond the passage of the bill. As in market-based assistance programs to come, the plans for EHAP transformed a radical proposal to place money and confidence in the hands of the poor into a less radical program that limited risks, like inflation and community backlash against recipients but also the potential for major changes in the location and quality of housing for the poor. Many early modifications were made in order negotiate tensions surrounding race, class and gender produced by national and local reaction to civil rights legislation and the enforcement of those new laws.

In January of 1971, immediately after the Housing Act of 1970 passed with provisions for the allowance experiment included, the Department of Housing and Urban Development began planning EHAP in earnest. The initial responsibility of designing EHAP fell to a small group of HUD deputies working under the direction of Housing Secretary George Romney and his Assistant, Richard Van Dusen, who were appointed by President Nixon. Harold Finger, the Assistant Secretary for the newly created division for Research and Technology, led the group. Harold Finger came to HUD from NASA, where he had come to manage research on advanced propulsion technologies, including nuclear propulsion. In a career trajectory characteristic of the overlapping space, defense and social policy research complex of the era, Finger worked on NASA research with some of the same institutes that would be involved in the allowance experiment. Finger cited the personal impact of observing the urban crisis of the late 1960s as prompting his decision to accept the new research post at HUD. As the first person to hold his position, Finger had the opportunity to shape much of what the research division would do even though he was a Democrat in a Republican administration. The design of EHAP, along with a production-technology development effort called Operation Breakthrough, formed much of the research division's early work and shaped the role the division would have at HUD for many years.[25]

Early in his time at HUD, Assistant Secretary Finger came to enthusiastically support the idea of a formal experiment with housing allowances. Finger's support and technical background proved crucial in creating a program that ultimately surmounted objections and saw a field test. In January 1971, just a month the Housing Act mandated the experiment, Finger wrote Assistant Secretary Van Dusen to offer his endorsement of the allowance idea. He wrote that while "an appropriate experimental program" would be "a complex, long term, costly effort" beginning with the prospect of a difficult and complex design effort, he had come to see "that the housing allowance ha [d] attractions that deserve serious consideration by the Department and the Administration" if the experiment proved them effective. Among the virtues he saw was the potential to resolve the perennial issue of site selection for housing projects. A full-scale allowance approach would not require the federal government to select sites for large-scale housing and thus would obviate "the problem of local resistance to Federally assisted housing development." The recurring conflict between housing authorities and local neighborhoods was a frequent source of bad publicity and litigation that continually vexed HUD and contributed to the urban crisis. Getting HUD out of site selection also suited the goals of decentralization being promoted across Federal Departments by the Nixon Administration.

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[25] "Harold Finger Oral History Interview Transcript," interview by Kevin Rusnak, May 16, 2002, www.jsc.nasa.gov/history/oral_histories/NASA_HQ/Administrators/FingerHB/FingerHB_5-16-02.pdf harold finger interview.

Under an allowance, the civil rights issue would be "one of discrimination against individual families rather than opposition to the development of housing." To Finger "discrimination against an individual" was "much clearer in terms of legislative requirements against discrimination" than alleged discrimination in a dispute over the site of a proposed housing project. The change would also shift the burden of showing discrimination to individual families who had none of the legal infrastructure available to a government agency. Additionally, the violation was likely to be perpetrated by an individual landlord, who could only be prosecuted if a pattern of practice of discrimination could be discerned. It is unclear how an individual family would determine such a pattern existed. If Finger foresaw these consequences or was concerned about them, he did not relay them to his superiors.

Much like Ira Lowry, Finger was also interested in the benefits of allowances for other participants in the housing assistance market. Finger argued that housing producers would all be equally able to build housing that could, at least in theory, benefit from the subsidy. In traditional subsidy arrangements, some producers received significant government incentives and others none at all. Finally, he hoped the approach might address public housing's "concentration of large families, welfare families, fatherless families" and minorities. If concentrations continued, the responsibility for it would also fall to individuals, who would ostensibly have chosen it on the free market that offered them "greater flexibility of choice."[26] With Finger's embrace of an allowance program's potential, and an Act of Congress providing funds, in early 1971 it seemed that the allowance experiment was on solid footing.

[26] Memorandum, Finger to Romney and Van Dusen, January 19, 1971, Housing Allowance Review Briefing Book, Applegate Papers, Box 4, Bentley Historical Library, University of Michigan.

Accordingly, in May of 1971, Finger and Romney called together a review group to begin turning the Congressional mandate into an experimental design. Review groups were a new concept at HUD, an idea of Secretary Romney's designed to pull together staff from various departments at HUD as well as representatives from other Federal Agencies, all of whom could contribute their expertise. Charles Field, who was selected to serve as the Director of the allowance experiment, ran the review group. Assistant secretaries from across HUD or their representatives were invited to attend the first meetings. The review group, as a new idea being implemented by an assistant secretary in a newly created post, had some trouble getting off the ground. The initial invitees were lukewarm about the idea, and many sent a subordinate rather than attending themselves. Despite this resistance, Finger felt review groups would be important in making productive decisions about major changes in several HUD programs. After a poorly attended first meeting that prompted a rebuke of the invitees by Finger, the groups stabilized. Officials who would be influential in the design process coalesced into the allowance review group. Among the key participants were Malcolm Peabody, who had facilitated the Model Cities allowance pilot programs and Charles Orlebeke, Deputy Undersecretary for Policy Analysis and Program Evaluation, who had worked for Romney when he was the Governor of Michigan. Norman Watson, who oversaw traditional public housing programs at HUD as Assistant Secretary for Housing Management, and Samuel Jackson, Assistant Secretary for Community Planning, and the highest-ranking African American at HUD, also participated.[27] This group was charged with devising a program that would satisfy two often-opposing groups of stakeholders. One set of stakeholders sought a rigorous experimental test of allowances and those who sought

[27] Harold Finger, Memorandum to the Housing Allowance Review Group, June 9, 1971; Housing Allowance Folder, Dunnells Files, Records of the Department of Housing and Urban Development, Record Group 207, National Archives at College Park, College Park, MD (NACP).

a more flexible program that might more successfully navigate an uncertain political landscape where new legal protections for racial minorities and older structures of race, gender and class differentiation were seemingly at odds.

The review group began their work by examining existing bodies of knowledge about housing allowances and social scientific experimentation. Primarily, they drew from the research already done by the Urban Institute and from the results of the Model Cities allowance pilots in Kansas City and Wilmington. The early data from the Model Cities pilots was mixed, but had gone went well enough to encourage the HUD group. The Kansas City program was successfully enrolling participants, who were finding and moving to new housing. No major social disruption, negative media attention or other red flags had emerged, and those who enrolled had largely been able to find new housing that met local housing codes, as the pilot required. Wilmington's small program had encountered significant administrative hurdles, and was markedly less successful. In keeping with an emphasis on quantifiable results, the review group more often looked to the example of the larger Kansas City effort. Review group members also studied the "social experiments" being conducted by the Department of Health Education and Welfare and the Office of Equal Opportunity on income maintenance. These experiments provided needed guidance on how to proceed with the design, especially with respect to emerging data coding technology and "machine readable" or computerized databases.[28] The imagined scope of EHAP was much larger than any of these preceding efforts, and the political terrain was as a result trickier, but the example they gave was a critical tool in developing a test of a magnitude and complexity that even its architects later admitted they did not foresee at the outset.

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[28] Theodore Britton, Deputy Assistant Secretary for Research and Technology, Memorandum: Housing Allowance Experimental Program Review Group Meeting, July 2, 1971; Housing Allowance Folder, Dunnells Files, RG 207, NACP.

Over the course of the summer, as the review group educated themselves about allowances and social experiments, they also outlined the major questions that had to be answered. The major questions that emerged reflected the tension between straightforward social science and the nebulous calculus of policy decisions regarding a population associated with disfavored race, class and family composition characteristic. Initially, the review group imagined the experiment would include just 10,000 households who would begin receiving payments in early 1972. With this tight timeframe, the review group worked to make decisions in short order. The experimental goal was, as Finger put it, to determine if a full-scale, nationwide housing allowance program "should be implemented," and the review group devised research questions that they believed would generate the answers needed to make an informed policy decision. Some of their questions were directly testable and fairly easily quantifiable, such as determining what type and quality of housing participants selected, and whether that housing was located in less segregated neighborhood. More difficult were questions such as whether or not an allowance program would be sufficient to stimulate new housing construction. While gathering data about levels of new construction was straightforward, in a social experiment they had a limited ability to isolate the allowance from other factors that might impact that level. The only real options were to compare a subject city to a non-participating one with similar demographics, vacancy rates, unemployment rates and other relevant criteria, or to the test city itself prior to the start of the experiment. Neither alternative would provide the "control group" used in the lab settings on which the researchers modeled their efforts.

Other questions were even more difficult to answer quantitatively, but of great political importance. The researchers hoped to ascertain if there were "changes in the attitudes of recipients such as a greater feeling of security, satisfaction with the neighborhood, and satisfaction with life in general as a result of a housing allowance program;" if an allowance program was "socially acceptable to occupants, landlords, communities, etc.?" and if allowances were "politically acceptable at a local level?"[29] While these questions directly linked the allowance test to political assertions about the social problems of low income, minority urban neighborhoods, translating them into generalizable quantitative data was difficult if not impossible. Ultimately, researchers adopted a qualitative approach to provide impressionistic answers to these types of questions. The decision to incorporate these qualitative methods would soon bring what seemed a successful plan for the experiment to the brink of cancellation.

Using the policy questions the research group identified, HUD asked the Urban Institute to draft a design and outline the basic methodology for the experiment. The Urban Institute designed the experiment with the goal of generating more "statistical confidence" in the results than could be obtained through data modeling using existing databases. Additionally, it would be ideal to eliminate "extraneous" variables "in order to allow the detection of relationships between explanatory variables." In order to maximize EHAP's usefulness, the experimental sample, or set of households enrolled, needed to replicate the actual population demographics of each test city as closely as possible. This was a difficulty not common in lab tests, where a special strain of highly similar test subjects (such as albino mice) would be used to exclude uncontrolled variation. The selection of participants, as well as their assignment to various treatment groups was to be done a probabilistic basis rather than first come, first serve as it was in the Model Cities pilots. Finally, the researchers intended to ensure that the sample size for

[29] "Housing Allowance Experimental Program: Objectives and Design Considerations; DRAFT" May 24, 1971, in "Housing Allowance Review Briefing Book."

each treatment group was large enough for statistically significant comparisons.[30] While not every experimental element ultimately used a control group, all were designed with multiple treatment groups featuring intentional variations intended to allow comparison between explanatory variables.

Pushing back against the intention to conduct a rigorous formal experiment was a political concern that the program might prompt negative reactions from the selected communities or other stakeholders. This concern mirrored those common to any new social program but in the case of a formal test, it had unique implications. In the case of EHAP, the pressure militated against formal protocols and towards devising experimental conditions presumed to foster success. The allowance effort had been shaped by these concerns from the beginning. The original Brooke bill required that the selected sites have a sufficient supply of available housing because Brooke anticipated that in a tight market, the program would raise the cost of housing for non-participants. An inflationary outcome might prompt a backlash that would undo the program. Pressure from skeptical Senate Democrats that first pushed the program to become more rigorous, but the tension persisted.

Not all political concerns were economically based; some arose from concern about community impacts. Concern for community impacts highlight the uncertain and often contradictory ideas about the desired outcome of the program in terms of where poor people, especially those who were not white, would live. One major concern was that the experiment would prompt a community or local government backlash, particularly if probabilistic selection led to a significant enrollment of “problem” families who moved to middle-income white areas. Another, contradictory, fear among some researchers was that many participants would face

[30] Garth Buchanan, "Comparison of HAEP effort with other similar studies now in progress" in “Housing Allowance Review Briefing Book,” Paper dated March 9,1971.

significant barriers to market entry despite bolstered financial resources, and be unable to realize the promised mobility because of their race, the gender of the head of household, or even other markers of their class status. Despite a financial boost, the housing market was a hostile environment for many likely participants, segregated according to characteristics that put them at a substantial social disadvantage. The social dislocation of moving away from familiar environs and support systems might make moving difficult or undesirable. As review group member Norman Watson put it, "the realities of urban life are such that little geographic dispersal [was] likely." Further, social and financial circumstances were likely to combine such that participant families could not "make a 'free choice' to move to a middle class white suburban community." If "problem" families became notorious and "the foci of neighborhood disruption and concern," "stable and cohesive families" would also be impacted. Finally, the blending of problem families with other participants in the data thereby threatened to "seriously confuse the results" by lumping together those who could benefit from an allowance with those "problem" families too disordered to respond to a cash incentive. Some members of the review group felt that the possibility of such a significant disruption needed to be "put to the test." Others believed that the risk of a negative community response could not be allowed to undermine the potential to launch a nationwide allowance program. As a result, the whole experiment could be judged a failure, and so some in the review group wanted to implement measures to minimize these possibilities. Instituting ameliorative measures, however, opened the plan to criticism that HUD was acting to guarantee success and undermined scientific rigor. Ultimately, the decision was made to provide what was called "special social and consulting services," "supplemental services" or counseling to "help overcome the psychological, social and other impediments facing minorities trying to escape the ghetto."[31] The services introduced an element of uncertainty to the analysis of EHAP, but policymakers prevailed and this first buffer between the participating families and the realities of the free market was erected.

In terms of methodology, as long as these services were provided uniformly across the experimental treatment groups or families, the experimental protocol was sound and the data could be aggregated. However, if the experiment provided a high level of counseling services unlikely to be replicated nationally, all of the data from the experiment would be misleading with respect to likely outcomes in a full-scale program. The problem was similar if, conversely, the design undershot the degree of counseling services that would be provided in a full-scale program. Researchers envisioned a program which would at minimum include, and potentially target, a population of families believed to lacking the education, skills and characteristics needed to successfully participate in the housing market in the ways expected of the non-subsidized citizenry. The researchers anticipated that such families could not succeed on the market with merely financial assistance, and believed that failure to provide counseling and other support might doom the effort.

By 1972, though HUD missed its goal for beginning to issue payments at a test site, plans were taking on a more definite shape. By January, the experiment was subdivided into three elements that would focus on different key outcomes and stakeholders, tracking how each responded to the allowance stimulus and how related political tensions were negotiated. The three elements were designated the Supply, Demand and Administrative Agency Experiments. The Supply Experiment looked at responses at the housing market level, focused on how the

[31] This discussion took place in a series of memos circulated through the review group addressed to either Asst. Sec. Finger or project director Field. Norman Watson and ArDee Ames, "Memoranda," October 16, 1971, RG 207, National Archives and Records Administration, Housing Allowance Folder, Dunnells Files, Box 8.

influx of allowance dollars would prompt suppliers to act and perhaps neighborhoods to change. The Supply Experiment would be open to all the income-qualified residents of two sites, both mid-sized metropolitan areas. The cities selected were to be similar to the large and decaying cities that were the focus of so much public attention but small enough to keep costs down. The second element, the Demand Experiment, would look at responses at the household level and like a medical trial would compare the responses of participants with two kinds of control households: one that provided only counseling and another that monitored households but provided no allowance payment or counseling. Control households received a small payment for completing ongoing surveys and attending counseling sessions. HUD initially intended to execute five Demand sites, reflecting strong political interest in how allowances would impact household behavior. Budget and time constraints eventually limited it to two sites. Finally, the third element of the experiment focused on transitioning bureaucratic procedures like enrollment and payment issuance and services such as counseling and the provision of housing information from existing programs for government built and run housing into an allowance-based program. This final element was called the Administrative Agency Experiment.[32]

Having finalized the framework of these three elements, the next step was to select the research institutes what would fill in that framework according to HUD's emphasis on quantitative, generalizable data. While the Urban Institute worked on many elements of the design, it was not equipped to carry the experiment into the field, so other organizations had to be selected. This process drew the attention of Congressmen and their constituents eager to highlight their cities, organizations and research institutes as prospective vehicles. The Governor of Connecticut, Senators from Texas and Pennsylvania, and members of the House all wrote to

[32] HUD Office of Research and Development, "Direct Housing Assistance: An Experimental Program" (April 1972).

inquire after the selection process or urge Secretary Romney to consider a site or institution. The selection process was a politically delicate matter, since some institutions had an upper hand because of existing relationships with the federal government, HUD, or even EHAP, but HUD had to conduct a formal nationwide request for proposals. Romney took the time to carefully explain the selection process to a Texas Senator who wrote to ask after the bid of a Texas research firm that was not selected.[33] The careful handling of rejections indicates how important of maintaining good public relations was to ensuring the program would go forward.

The organizations that were selected shared with Assistant Secretary Finger and each other a background in defense technologies that they increasingly applied to domestic social problems. The institutes particularly emphasized the application of systems analysis, a method meant to mathematically quantify the costs and benefits of complex, multifaceted decisions with origins in cold war defense, to urban America.[34] The first contract was signed with the RAND Institute, whose existing collaboration with the Urban Institute on some design elements made its selection something of a formality. RAND contracted directly with HUD to undertake what would be called the Supply experiment in October 1971. Stanford Research Institute was selected to flesh out the design of the Demand experiment. Abt Associates, which was based in Senator Brooke's home state, submitted a proposal in February 1972. Abt was selected to

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[33] George Romney, Letter to Senator John Tower of Texas, May 19, 1972; Research Development and Technology Subject Correspondence, May-August 1972 Folder, Housing and Urban Development (RG 207), NACP.

[34] For an early discussion of this diversification see Joseph L. Bower, "Systems Analysis for Social Decisions," *Operations Research* 17, no. 6 (November 1, 1969): 927-940. A more recent account is David Jardini, *Out of the Blue Yonder: the Rand Corporation's Diversification into Social Welfare Research, 1946-1968* (Unpublished Diss., 1996). More recently, Jennifer Light has examined the transition from defense to social policy at research institutes like RAND in *Warfare to Welfare: Defense Intellectuals and Urban Problems in Cold War America* (Baltimore: Johns Hopkins UP, 2003).

execute the AAE, and ultimately was awarded the contract for field execution of the Demand Experiment as well.

In addition to a lead contractor for each element, HUD contracted for the production of early survey instruments and the provision of counseling in the supply and demand sites so that surveys and counseling would be better coordinated across elements. In early 1972, HUD contracted with National Opinion Research Corporation to design the many surveys that would ascertain the impact of the experiment as well as the initial or "baseline" characteristics of the participating households. Many more surveys and questionnaires were eventually designed by the field operations organizations, but the first surveys by National Opinion Research Center provided a guideline. After the review group debates about providing counseling in 1971, HUD ultimately decided to provide uniform counseling to the participants in the Supply and Demand elements. The National Urban League was engaged to develop those counseling sessions. In recognition of the potential for counseling to significantly impact the ability of participants to find and rent standard housing, the provision of counseling would be allowed to vary in the AAE. Different approaches could then be compared and, hopefully, an ideal form for counseling services could be determined. By March of 1972, HUD had completed the contractor selection process.[35]

The Experiment under Fire: The OMB Abeyance Period

Almost as soon as the basic framework was in place and the contractors selected, the launch of EHAP was nearly scrubbed by the White House Office of Management and Budget

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[35] "HUD Selects Group to Advise on Housing Allowance Experiment" *HUD News*, March 17, 1972; Research Development and Technology Subject Correspondence, May-August 1972 Folder, RG 207, NACP.

(OMB). At the heart of this conflict was underlying tension between implementing a scientifically rigorous test or a more flexible program, akin to those in the Model Cities program, which would be designed to avoid negative outcomes and demonstrate that the program could succeed. OMB believed was that HUD was no longer conducting a formal experiment that could be used to determine *if* a national program *should* be implemented. Instead, OMB Director George Schultz charged that the program would "do little except lay the groundwork for an operational program." Despite the significant effort by HUD to design a rigorous program with experimental variation in all three elements, OMB saw a costly pilot for a full-scale program so costly it was likely "infeasible." Further, OMB felt that the design lacked plans for "basic experimental and analytical data." More generally, EHAP tested an idea that contradicted the Administration's preference for an unrestricted cash transfer program at a time when Nixon contemplated creating a nationwide guaranteed income via the tax system. A housing allowance earmarked to a housing standard was an "in-kind" transfer program, and the Administration doubted the value of such subsidies. Finally, OMB feared that the EHAP, with sites in a dozen states, the program would become such a boon in federal dollars that members of Congress might expand to program in order to secure additional federal dollars for their districts. As a result of these concerns, Director Schultz informed HUD Secretary Romney that the office believed that the Supply and AAE elements of the program be "held in abeyance."[36] Even the smaller and more scientifically stringent Demand Experiment was to undergo an extensive design review by OMB.

Reflecting concerns that its goals were more political and bureaucratic than scientific, Schultz directed his most scathing questions at the AAE. Distinguishing it from the more

[36] George Schultz, Letter to George Romney, March 29, 1972; Research Development and Technology Subject Correspondence, Jan-April 1972 Folder, RG 207, NACP.

quantitative methodology he preferred, Schultz derisively referred to AAE as a pilot program. Since existing welfare programs often required housing inspections, Schultz demanded to know was not working in these programs that suggested the need for a new approach. Schultz did not believe that the AAE would generate useful data. "What will the demonstrations specifically tell us?" that was not already known, he asked.[37] The implication was clearly that existing programs already executed the major administrative tasks required, and so proven methods already existed. There was no need to experiment, and Schultz did not think that creating scientific knowledge was the intent of the AAE.

Schultz had a different set of concerns about the Supply Experiment and its methodology. With its large scale, Schultz recognized that the supply element would be more visible, and thus more difficult to maneuver around sensitive issues of civil rights and community reactions to poor, non-white households with often non-nuclear family structures. He asked HUD if they could differentiate the dependent and independent variables in the supply test, calling into question the basic experimental soundness of the design. Further, he suggested that a field effort was not required; suggesting that statistical modeling using existing data would be adequate. Schultz pressed Romney about the "worst case scenarios" for the selected communities. Worst-case scenarios could be social or economic. Socially, there was adequate evidence to fear a social backlash in white communities if allowance recipients moved in. From an economic perspective, it was practically unquestioned that a full-scale program would inflate housing prices, particularly for the working classes would face competition from an influx of new renters. No one knew if the market would respond in a timely fashion with increased low cost standard housing, and it was a common understanding at the time that lower cost housing mainly existed

[37] George Schultz, letter to George Romney, March 29, 1972; RDT Subject Correspondence January-April 1972, RG 207, NACP.

as a result of higher cost, better quality housing "filtering" down to progressively lower price points as the tastes of the upper classes changed. He did not see the point of executing a risky, visible test of an approach disfavored by the White House.[38]

Schultz was less critical of the Demand experiment, despite his demand for a review by OMB. While he still wanted the independent and dependent variables identified, he also asked questions about more nuanced elements of the design, indicating that he expected the program to move forward. His main concern about the Demand element was that design balance the need for adequate sample sizes with cost concerns.[39] Striking that balance was the key to insuring that enough data to make policy decisions was generated without unnecessarily growing these fears. His concerns about the Demand experiment were apparently addressed, as further discussions between OMB and HUD did not discuss this element.

Secretary Romney, Asst. Sec. Finger and Director Field had anticipated such concerns and problems related to the budget for EHAP, which was on a scale unprecedented in the social experiments of the era. In anticipation of the highs and lows of support both budgetary and political, both Romney and Finger were always careful to refer to EHAP as being carried out under the dual authority of Sec. 501 and Sec. 504 of the 1970 Housing Act. Because Sec. 501 granted a broad research authority to the Secretary of HUD, specific continuing authorization was ideal but the experiment could continue beyond the initial 1973 end date under the general authority if necessary. While early HUD correspondence regarding the allowance experiment referenced only section 504, by the summer of 1972, both Romney and Finger referred to it as being authorized by both sections of the bill in their correspondence. Finger cited the general authority as early as July 1971, in a program status update to HUD's legal counsel. Romney

[38] Ibid.

[39] Ibid.

made a point of conveying the dual authority when corresponding with a Senator in April of 1972, just as the OMB discussions were beginning.[40] OMB's letter reflected exactly the kind of effort to constrict the experimental budget that Finger and Romney feared, arriving just as Congressional committees debating the extension of additional budget authority for the experiment in the 1972 housing bill raised concerns. Intent on securing funding for a novel research division at HUD, an executive department that was itself just seven years old, Romney and Finger strategically placed EHAP under the widest possible authority so that they could on in the face of attacks just like the OMB's.

Determined to move the research effort forward, Romney's initial response to Schultz attempted to resolve the dispute quickly. In early April 1972, Romney responded to Schultz's five-page letter outlining several direct demands with just three paragraphs. In them, he expressed "grave difficulty with the issues raised" in Schultz's letter and attempted to secure Schultz's commitment to support additional funding for the experiment in an Banking and Currency subcommittee meeting that was just days away. Romney professed that abeyance and the consequent loss of the amendment would cause "great embarrassment and significant damage to the program" and thus asked Schultz to support the funding while they discussed Schultz's issues with the design.[41] At the same time Romney was professing the importance of OMB support, however, HUD was developing the plan to use the limited Section 504 funding only for research costs and to fund the allowance payments through the wide interpretation of Section 501. Romney and Finger believed this strategy would ensure that the experiment could move

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[40] Harold Finger, memorandum to Hilbert Fefferman, July 29, 1971, in HARP Review Briefing Book, Albert Applegate Papers, Box 4, Bentley Historical Library, University of Michigan.

[41] George Romney letter to George Schultz, April 7, 1972, RDT Subject Correspondence January-April 1972, Box 98, Record Group 207 (Department of Housing and Urban Development), National Archives and Records Administration (College Park, MD).

forward with or without further support from Congress or OMB, thus providing a solid foundation for the research division independent of the vagaries of support on Capitol Hill or in the West Wing.

Romney's effort at swift resolution fell flat. HUD and OMB continued to negotiate over the program through the summer and into the fall. Harold Finger and the design staff met with representatives from OMB, but concerns were not addressed sufficiently to mollify Schultz. In late May, Schultz again asked that the Supply and Administrative tests not move forward until OMB had a chance to review the designs. In another letter, Schultz wrote that he had a "growing concern" about both elements, the ability of the Supply test to measure inflation, and again reiterated his belief that HUD could make better use of data from "comparable experience[s]." He expressed even greater skepticism about the Administrative Agency Experiment, calling it a demonstration that "raised the question of whether we know what we want to demonstrate" when the ideal form of an allowance had not been determined. Schultz insisted that HUD risked conducting "a bad experiment which would tell us little" and be "embarrassing and damaging" to the agency and the Administration. Despite the meetings meant to show OMB that EHAP had a rigorous design, Schultz called for "a more deliberate approach."[42] Romney finally agreed not to proceed beyond the design stages and not to engage any prospective sites or agencies in discussions so that the plans would remain out of the public eye.[43] Formally, the Supply and AAE elements were to be in abeyance.

In the fall, the dispute finally moved towards resolution. At the end of August, Paul O'Neill, the Assistant Director of OMB sent a letter stating that despite acknowledged progress

[42] George Schultz, Letter to George Romney, May 19, 1972, RDT Subject Correspondence May-August 1972, RG 207, NACP.

[43] George Romney, Letter to George Schultz, May 24, 1972, RDT Subject Correspondence May-August 1972, RG 207, NACP.

in answering numerous questions and concerns, OMB did not "believe we should proceed with the Supply experiment," a phrase he underlined for emphasis. In a surprising closing to the letter, however, O'Neill said that he believed "the decision in this issue" should be Romney's. If HUD decided to proceed, O'Neill asked Romney to explain to "his personal views as to how the problems [enumerated by OMB] will be overcome."[44] Romney spent a month crafting a response with input from several of HUD's assistant secretaries. Romney told O'Neill that since OMB felt that the decision fell to Romney as a "close, judgmental one," he intended to proceed. In the remainder of the letter, Romney articulated the strongest argument for a market test of allowances. Romney's said the full-market element was needed because inflation "effects both allowance recipients and non-recipients" and only in a market level test could determine if inflationary impact remained within tolerable limits. Romney admitted that with just two sites, the Supply Experiment results would not be "statistically valid and generalizable," but defended the test as best source of data for making forthcoming policy decisions. Romney closed with an eye to politics, saying that he "look[ed] forward to [OMB's] cooperation as we proceed."[45] If OMB was going to hang the responsibility for going forward on him, he did not want to further antagonize them.

With Romney's decision, a pivotal period in EHAP's early development drew to a close. The dispute with OMB could easily have brought the allowance tests, and thus significant portion of HUD's nascent research mission, to a halt. Romney and Finger's strong support for the approach as well as their careful use of two authorizing sections of the 1970 Housing Act ensured that EHAP moved forward. While Romney and Finger left HUD within a few months of

[44] Paul O'Neill, Letter to George Romney, August 31, 1972; RDT Subject Correspondence September-December 1972, RG 207, NACP.

[45] George Romney, Letter to Paul O'Neill, October 3, 1972; RDT Subject Correspondence September-December 1972, RG 207, NACP.

Romney's last letter, they left having placed EHAP on a solid footing within the federal government. The had also laid the foundation for a line of allowance funding that would stretch for more than a decade, until the last allowance payments in 1984.

The Housing Crisis in Public Opinion and the Consensus for Experimentation

While within the government EHAP narrowly survived a near fatal challenge, in 1972, scholars and the American media looked on housing allowances with increasing favor. A series of increasingly high profile scandals broke at HUD, leading to a growing sense of failure surrounding the most visible and large-scale unit-based public housing. Evidence of bureaucratic misspending and increasingly dangerous and decaying housing swirled across the pages of newspapers and appeared in the television news. There was perhaps no greater symbol of this than the implosion of the Pruitt Igoe housing project in March of 1972 and the negative publicity that preceded it. Pruitt Igoe, built in the mid-1950s, had been hailed as an architectural marvel. It also incorporated design elements, such as communal and recreational spaces, intended to address many of the social problems common in slum areas. Budget problems, however, prevented some design elements from being fully executed and allowed others to fall into disrepair. After just a decade and a half, a decision was made to tear down the structures and relocate the tenants. Other scandals involving corrupt administrators and supplier kickbacks further tarnished the image of unit-based housing, known often as simply "the projects." The convening of Congressional committee hearings about a new housing bill, and increasing attention to problems in traditional public housing ensured that plans for the experiment received continued attention from academe throughout 1972 and into 1973. " As scandal and disrepute settled on traditional housing programs and HUD's bureaucracy, the allowance idea ascended.

Against this background, housing allowances seemed a plausible, even promising solution to a multitude of problems both social and bureaucratic. Allowances were mentioned favorably in *New York Times* articles throughout 1972. In February, the President of the Mortgage Bankers Association endorsed allowances in a *Times* op-ed.[46] The Kansas City allowance program was featured in a front-page article in July. The article noted that Federal and local officials took steps to ensure that choice in location would create dispersal without controversy, describing "a slow and quiet infiltration" with as little public attention in the area as possible. The efforts proved largely unnecessary, as the enrolled families generally moved within the areas they already lived, or into those already inhabited by those of their own racial background. This fact, the article relates, did not surprise either the federal or the local official, though they denied the suggestion by some that by ensured this outcome by providing black participant with a segregated vacancy list.[47] Nevertheless, in describing the relocation of the families as an "infiltration" the article underscored the racial, class, and gender tensions prominent in society by using a term frequently connoting military movements behind enemy lines or, in medicine the spread of substance through the body in greater than normal concentrations. Overall, however, the coverage found the allowances promising. If housing patterns were unchanged, that was the choice of participants, and allowances seemed to provide housing quality without stirring controversy.

The promise of allowances was promoted in other forums as well, in coverage echoing concerns over crisis and the hope imbued by a new approach. Nixon's 1972 presidential campaign opponent George McGovern included them in the outlines of his plans to address

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[46] Phillip C. Jackson, "Redirecting Housing: Subsidies Needed for Low-Income Families" *The New York Times* (February 6, 1972) p. F14.

[47] Homer Bigart, "U.S Helps Poor to Rent Own Homes" *The New York Times* (July 9, 1972) p. 1. Other articles had appeared in January and February.

urban problems. The American Institute of Architects felt an allowance program was so likely that the Institute printed an article in its *Journal* that looked at Kansas City and summarized plans for EHAP. The article advised the Institute's members to familiarize themselves with the advantages and disadvantages of the approach, predicting that the expansion of the allowance approach would not await the findings of further experimentation.[48] These mentions in both professional and political forums reflected the growing sense that the time to test allowances had come: the deficiencies

Further indication of the ascendance of the allowance idea came in the form of vigorous defense of traditional subsidies launched by lobbyists for the housing and housing finance industry: the National Association of Home Builders, the National Association of Mutual Savings Banks and the United Savings and Loan League. Anthony Downs, long a critic of allowances, wrote the report commissioned by these interests. Downs' defense of existing subsidy programs was an attempt to counter the condemnation of traditional subsidies contained in a study by the Joint Economic Commission of Congress. The Economic Commission's critique reflected the latest HUD scandals and added pressure for HUD to develop a solution. As beneficiaries of the status quo, housing suppliers and financiers feared would the study would sway public and political opinion against the old-style subsidies that supported their industry with federal dollars to build project housing managed by government housing authorities. The Downs report strongly urged the continuation of traditional subsidies, arguing that their dissolution would imperil the poor. Yet even the Downs report had to acknowledge the ascendance of the allowance approach, and it too called for an experimental test of the allowance

[48] M. Carter McFarland, "The Rising Tide of Housing Allowances," *AIA Journal* 58 (December 1972): pp. 26-28.

approach, with the caveat that while allowances could not replace supplier subsidies, that the approach might address other housing needs.[49]

Ultimately, a precipitous change in the White House's regard for allowances ensured that EHAP would move forward. As the crisis in public housing grew, the view in the White House shifted away from seeing allowances as a competitor with family assistance programs. Allowances seemed a tangible remedy for a growing crisis within HUD that could be parlayed into a general assistance program if one was implemented. HUD wanted to respond to the crisis with new ideas, and allowances fit the bill. Additionally, the market based allowances fit squarely with the new and more conservative direction the Administration took after winning re-election in a sweeping victory. For HUD, the change in direction meant replacing not just Secretary Romney, but also many of the Assistant Secretaries. All of the assistant secretaries involved with EHAP review group, including Finger, Van Dusen, and Norman Watson, offered their resignations at the start of the President's new term. All were accepted, although Finger was asked to stay on and declined.[50]

The new direction at HUD was made public in January of 1973, when just before leaving HUD, George Romney announced in a speech to industry leaders that the Nixon administration would halt the authorization of any new subsidies for housing production. The plan became know as the moratorium. During the moratorium, a total review of production programs was ordered place, with the findings meant to guide a new approach.[51] The stoppage took place

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[49] Anthony Downs, *Federal Housing Subsidies: Their Nature and Effectiveness and What We Should Do About Them* (Real Estate Research Corporation, October 1972).

[50] "Staff Changes at HUD" *The Journal of Housing* 30, no. 1 (January 30,1973) p. 9.

[51] After winning re-election, Nixon requested the resignation of all political appointees to facilitate reorganization. Unlike at HUD, in many departments most resignations were rejected or accepted to facilitate a reappointment.

partially because of highly visible HUD scandals and partially because of the Administration's growing effort to reform government agencies and decentralize them whenever possible. Although many of the allowance test's advocates at HUD were swept out by the reorganization, the concept itself became a pillar of an emerging plan to reshape housing assistance. This plan called for devolution to local agencies and authority, and a dramatic shift of responsibility for the consequences of assisted housing choices. Allowances would provide "choice" and give poor families "freedom and responsibility." They would also make it possible for the government to deny responsibility for perpetuating housing segregation or inciting white backlash through site selection. Instead, the government might be able to promote a "slow and quite infiltration" indirectly. Ultimately, if households stayed in segregated neighborhoods, the choice and the responsibility were theirs, and not the governments.

Romney's declaration of the moratorium heightened academic and media interest in allowances and the experimental plans that would push on, seeking a solution when all HUD's other subsidy programs had been halted and accused of failure. The moratorium made the research questions outlined by the review group the previous year increasingly pressing. Political questions were paramount in academic and popular coverage of allowances. Authors and their audiences, uncertain of the fate of traditional subsidy programs, wanted to know if allowances would replace them. The also wanted to know if allowance were a less expensive, more equitable and less socially disruptive way of ensuring decent housing for low-income households, or if they would generate inflation and line the pockets of landlords without improving the housing situation of participating families. The *Journal of Housing*, a publication targeting housing professionals and academics, published an article outlining the concept of allowances and the plans for EHAP in January 1973, just as the moratorium was announced. The author was neutral on the merits of the approach, laying out the well-trod arguments for and against it, with the intent of preparing practitioners to assess for themselves the anticipated shift to allowances. The author's real question about the experiment was "will it ever happen?" The author insinuated that the implementation of the entire program was in doubt. On the surface, there was reason to worry: Congressional authorization through Section 504 expired in 1973, most of the designers at HUD were being swept out of office, and the OMB had just shown its "warm regard for the Department of Housing and Urban Development…" the author noted, "by the imposition of an indefinite moratorium on assisted housing and other HUD programs."[52] With no public mention that the allowances were not part of the moratorium, prospects for its continuation must have seemed dim. What the author could not know, of course, was that HUD/OMB battle over EHAP had already occurred, and that the moratorium would propel the allowance concept forward, rather than holding it back.

In March, *The Nation* published a five page long scathing appraisal of allowances by the *New York Times'* housing reporter, Joseph Fried. Telegraphing Fried's skeptical assessment, it was entitled "The Latest Panacea." Comparing the idea of allowances to the unproven "elixir" sold by a snake oil salesman, the article extended the medical "treatment" metaphor surrounding allowances in a new direction. Fried wrote that given that the latest HUD program for low-income households, the expansion of FHA loans into previously redlined areas, had fallen to "shoddy construction, serious financial instability, and charges of profiteering by speculators… grossly inflated mortgage values and slapdash renovations" as well as resulted in collusion indictments for government officials in the program, it was indeed time to look for a new approach. Given the spate of scandal faced by HUD, the promise of a curing new potion was

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[52] Robert Beckham, "The Experimental Housing Allowance Program," *The Journal of Housing* 30, no. 1 (January 30, 1973): p. 17.

hard to resist. Fried summarized the appeal of allowances, saying that “not only would subsidized families retain their dignity, but racial and economic integration would be promoted far more effectively” and “the rancorous battles that have erupted over where to locate subsidized projects would be avoided.” In voicing his skepticism, however, Fried unflatteringly outlined the similarities between the allowance concept and the scandal-worn FHA programs, in which “the government increases the consumer’s purchasing power without forcing him into a traditional project.” As in the FHA programs, he expected that the suppliers who stood to receive the additional dollars would develop the protocols of quick fixes and corrupt inspections that would undermine the intent to secure “a decent home” with an allowance payment. Also, inflation remained a perilous possibility. Despite all this, Fried concluded that major social experimentation was needed because “only patient experimentation can give the nation reasonable assurance that a housing allowance approach does indeed offer more promise than peril.”[53] Given that both the scandals and the allowance proposal emerged under a Republican administration, skepticism from an avowed liberal magazine is unsurprising. What is notable, however, was that the crisis in housing assistance was so great that the author joined what was a growing consensus in favor of experimentation with the new method he had so derided.

As the public profiles of the allowance program grew, the researchers participating in the design of EHAP entered the public debate and championed allowances, setting their hand on the scales of public opinion strongly in favor of experimentation. Ira Lowry developed the supportive testimony he had given Congress in 1971 into an article, which was published in *New York Affairs* in 1973. By that time, Lowry was at RAND leading the development of plans for the Supply Experiment. The article highlighted his argument that allowances could harness a

[53] Joseph P. Fried, “The Latest Panacea,” *The Nation Magazine*, March 15, 1973, pp. 304-8, for quotations see 305, 306 and 308.

hidden stock of decent housing by prompting landlords to rehabilitate deteriorating stock. Lowry ended the article by noting the potential of allowances to resurrect New York City's housing stock, calling it "the only serious hope" for "remedying the city's shortage of 'decent, safe and sanitary housing.'"[54] His own hope, and that of HUD, was that allowances could remedy that shortage nationwide.

Similarly, EHAP Director Charles Field published an article explaining the Administrative Agency element in *Real Estate Economics.* The article pushed back against many of the arguments being made by proponents of traditional subsidies, like the sponsors of the Downs report. The focus of the article was the importance of the AAE as a source of knowledge about how to evaluate of government programs and as a model of developing successful relationships between government agencies and contractors.[55] In extending his article's focus beyond just allowances and into government-contractor relationships in general, Field gave EHAP broader relevance to the field of real estate, perhaps hoping an expanding audience for the finding would mean broader support. Taken together, the publications by EHAP researchers reveal an effort to shape the public narrative about allowances, broaden support and advocate for new solutions in a crisis. The efforts impact on the narrative is difficult to assess, but the act of intervention highlights the gray area between science and policy in which the researchers were operating.

The "Great Housing Experiment" Begins

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[54] Ira Lowry, "How to Rescue New York's Vanishing Housing Stock," *New York Affairs Magazine*, 1, no. 1 (1973) pp. 29-45.

[55] Charles Field, "Evaluating the Administrative Delivery of Housing Goals," *Real Estate Economics* 1, no. 2 (June 1, 1973): pp. 21-34.

In September 1973, it became clear that the allowance experiment would not be curtailed or halted, but instead become an important rhetorical bridge between the controversial moratorium and the Administration's plans for the future of subsidy programs: direct cash assistance. That month, President Nixon gave an address intended to justify the housing moratorium and chart a way forward. He called for a new plan to provide for the housing needs of the poor. The President cited both urban social problems rooted in race gender and class as well as HUD scandals as evidence that existing programs were not working, saying:

> This plan would give the poor the freedom and responsibility to make their own choices about housing--and it would eventually get the Federal Government out of the housing business. Not surprisingly, our recent housing study indicates what others have been saying: of the policy alternatives available, the most promising way to achieve decent housing for all of our families at an acceptable cost appears to be direct cash assistance… Some field work has already begun with respect to direct cash assistance in the area of housing for those with low incomes. In 1970 the Congress authorized housing allowance experiments involving over 18,000 families and costing over $150 million. We expect preliminary data to emerge from these tests in the coming months and we intend to use these data as we evaluate the possibility of further efforts.

The President's words amounted to a rousing endorsement– for allowances as a concept, and for the execution of experiment. The possibility had suddenly emerged that the Nixon administration would entirely replace building subsidies with direct allowance payments to households. At the moment, however, there was precious little evidence to support a dramatic shift in the forma of assistance. The preliminary data Nixon cited came from the Kansas City's Model Cities pilot allowance program, and the President was publicly announcing his intent to seek more quantitative evidence in the results of the EHAP elements. With little data available and a strong push for the approach, it was clear HUD would be asked to squeeze as much data as possible from the EHAP and analyze it quickly. However, with Demand sites only operating since April, AAE sites just beginning enrollment, and the Supply Experiment not yet in the field, the data from the Model Cities pilots was called on to stand in EHAP's place.

While 1972 and 1973 were tumultuous years for EHAP in the media and in the political arena, HUD and the research institutes had pushed forward resolutely with design and planning, displaying a commitment to the experiment, but also to shoring up HUD's position as an important driver of social scientific knowledge about housing. Similarly, the push secured for the EHAP research contractors a crucial role in HUD's research capacity. Despite the seemingly dim prospects during the Congressional and OMB negotiations in the summer and fall of 1972, planning had continued apace at HUD. While an initial vision of 5 elements and nearly 20 sites was scaled back after Congress failed to extend the Section 504 authorization in 1972, even this smaller version of the experiment required extended planning and revision. The Urban Institute continued to draw up design plans with the researchers contracted for field operations, RAND and Abt Associates. Fortuitously, those contracts had been completed just before the conflict with OMB began. The Research and Technology division thus continued to plan and design with Abt and Rand, at times pushing the limit of the abeyance agreement with OMB. Over the summer, HUD published informational pamphlets publicly describing for the first time the design the three elements, Demand, Supply and Administrative Agency that comprised EHAP. The pamphlets detailed the number of sites and the size of cities that were being sought for participation, as well as explaining in non-technical language the kinds of data that would be gathered and who would be eligible.[56]

The work done during the abeyance period went beyond mere putting the design plans in print. The Urban Institute and HUD made two-day site visits to potential AAE sites “throughout the year” of 1973. By the time of a May 1973 report, UI had “participated in the review meetings of the Strategic and Detailed plans of most of the agencies.” While final contracts had not been signed, local officials had been contacted in contradiction of the commitment Romney had made to Schultz on May 24th not to contact communities about the program. This work created the possibility for exactly the kind of unmet expectations or bad press that OMB feared. The Supply Experiment, too, underwent continuous design and revision by RAND with input from the Urban Institute during the abeyance period. As a market-wide test, this element had far greater data collection requirements than either of the others, and researchers debated whether a hedonic index (which estimated the price of housing indirectly, based on the presence of various characteristics such as landscaping, neighborhood quality, and indoor plumbing) or a more direct survey approach to measure impacts on non-participants. The question figured heavily in discussions between HUD, Urban Institute and RAND during the abeyance period. [57] Although HUD may not have directly violated the agreement, the agency absolutely pushed the limits as it continued to lay groundwork for of the program, and its own future in knowledge production, during the period of the abeyance agreement.

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[56] Department of Housing and Urban Development, “Direct Housing Assistance: An Experimental Program” April 1972; “Direct Housing Assistance: The Demand Experiment” (June 1972); “Direct Housing Assistance: The Supply Experiment” (August 1972) and “Direct Housing Assistance: The Administrative Agency Experiment” (September 1972).

[57] Urban Institute, *Integrated Design and Evaluation of the Experimental Housing Allowance Program* (Washington: Urban Institute, 1977), p. 11.

With the groundwork laid, the final element of design to be completed at the centralized, federal level was outlining basic formula used to determine the size of the allowance payment made for each family. The use of a single main formula as a "design center" was important in EHAP overall, and to Urban Institute's work especially. If uniform data was collected in each experiment about certain variables, data from all elements could be integrated into a larger and more statistically reliable and generalizable final analysis. The statistical impact of the data, of course, would help refute the charges from various quarters that political ends (e.g. greasing the wheels for a coming cash assistance program) had overtaken the scientific ones that were supposed to guide EHAP. Urban Institute was charged with generating this "Integrated Analysis" using the data generated and recorded by RAND and Abt Associates. HUD and Urban determined that they would use a formula called the housing "gap" plan as the design center. Under this formula, the allowance payment would equal the "gap" between 25% of the families' income and the estimated fair market rent of a standard unit for a family of that size. According to the Urban Institute, design discussions centered on the formula to be used as the basis for determining the allowance payments. Ultimately, variations of both "percent of rent" and "housing gap" payment formulas were tested. The percent of rent formula based the allowance payment on the predetermined percentage of the rent that the government paid to an eligible household, up to some maximum total rent about. This basic formula could be altered to vary according to family size, income, or rent level as well. The housing gap formula was more straightforward, basing the payment amount on the difference between an estimated fair market rent for the area and a predetermined percentage of the household income to be contributed towards housing.[58] To either of these formulas could be added the requirement that the housing

[58] David Carlson and John Heinberg, *How Housing Allowances Work: Integrated Findings from*

occupied by a participating family meet a particular standard for quality and safety. The housing gap formula with a housing standards requirement or "earmark" served as the basic payment formula for the other EHAP elements—researchers referred to this formula as the "design center" of the whole experiment.

Using the housing gap plan, which was one of varied plans in the Demand element, as the design center meant that households in the supply and administrative agency element would have their payments determined by that same formula. As a result, data collected could be integrated into a larger analysis by Urban. Since HUD had already conceded that the Supply Experiment, with just two sites, would not allow such generalizations, the data integration was needed to generate a persuasive analysis of inflation in particular. The integration was a complicated task but the participant data from the AAE, Supply and the "design center" variation in the Demand element together formed a formidable data set. HUD and Urban Institute hoped the data could be used to make generalizations about allowances that could not on the basis of any one of the elements independently. Using the same formula and collecting the same data across experimental elements ensured, it was hoped, that Urban Institute would be able to make assertions about the impact of allowances with the support of statistically significant evidence, and thus address one of the major areas of concern about the research.

There was one other major area of concern that HUD began addressing before turning design responsibilities over to the contractors. For technical and political reasons, data collection required cross-experimental coordination. Technically, coding the results of various questionnaires and surveys was a painstaking process, and Urban Institute wanted to coordinate designations for various data points in advance. There was no point in creating a design center if

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the Experimental Housing Allowance Program (Washington, D.C.: Urban Institute, 1978), pp. 57–8.

the data was not similarly coordinated. Politically, initial survey procedures and questions received high level scrutiny because data collection involved active engagement with residents of the various selected cities: landlords, housing suppliers, and potential participants. Even if these individuals or groups ultimately did not participate or enroll, contact with them risked bad publicity if not executed with sensitivity. Such interviews, coupled with measurements of housing and neighborhood conditions, would be the primary source of EHAP data. If data collection interviews were done poorly, they could undermine the experiment by generating not just bad press, but useless data. HUD feared bad interviews might undermine not just the experiment, but also the approach as a whole. Many more such issues would have to be addressed in each of the three elements of the experiment. Nevertheless, by 1973 full enrollment would be underway in the Demand element. Within a year, the Supply and AAE elements would follow, and EHAP emerged from a planning period that found it at the brink of cancellation. From the emergence of calls for an allowance test in 1968 to the first field enrollments in 1972, EHAP's development distilled some of the most difficult social issues in America into a grand test meant to gather huge quantities of data about housing and about how low-income families would participate in the market, given the financial resources to do so. The design of that test, as this this chapter has begun to illustrate, was the result of ongoing negotiations and compromises. Those compromises modified a rigorous scientific methodology intended to provide certainty about outcomes in order to finesse ever-present tensions of race, gender, and class identity that the provision of government assistance brought to the fore.

The responses to those issues vary according to local conditions, and with the design center established, most responses were developed directly by the implementing research agencies with HUD's approval and so they are discussed in the chapters on the individual elements that follow. In those chapters, this dissertation traces the development of the two main themes emerging in this chapter. First, it examines the tension between the scientific and political intents of EHAP. Second, it examines how the young government bureaucracy at HUD, as well as the social scientific research institutes, responded to political issues surrounding race, gender and class in the heightened social atmosphere of the 1970s, and how those responses shaped both the experiment itself and its subsequent use in policy. The research questions, experimental design and field operations of each of the three elements: Demand, Supply, and Administrative Agency, are the focus of the three subsequent chapters. The final chapter returns to the nationwide and federal level to assess the impact and aftermath of the Experimental Housing Allowance Program in terms of policy, politics, and the process of creating social scientific knowledge that either empowers or undermines related political positions and policies. The conclusion, therefore, is that in policy and in politics, knowledge and the process of its production is not neutral, but both shapes and is shaped by the context in which it is created and used. The housing knowledge created by EHAP, therefore, was shaped by the contingencies of Civil Rights enforcement in the 1970s and in turn shaped the way HUD responded to the requirements of Civil Rights laws.

Chapter 2

The Experimental Laboratory:

The Housing Allowance Demand Experiment (HADE)

> "While the program is new one… it must, from the first day of its existence, provide a balanced, supportive, efficient, and economical blend of people, systems, logistics and atmosphere in which the experimental laboratory can exist and produce useful information to the Department [of Housing and Urban Development]…"
>
> –*A Proposal to Conduct a Housing Experiment* by Abt Associates

Introduction

This chapter focuses on the most formally scientific of the three EHAP elements, the "design center" Demand Experiment or "HADE." HADE was the smallest, in terms of total participants, of the three elements, but had by far the largest number of "treatment groups" testing different housing payment levels and forms of linking the payments to housing or "earmarking" them. The chapter has three particular goals. The first is providing a narrative account of HADE as it was implemented in the field and as Abt Associates analyzed the data generated. In addition, it traces the role that social forces, particularly those of race and gender, played in shaping and reshaping HADE from design to execution. Finally, as a reflection of the element's more formally scientific structure, this chapter considers some of the scientific and technical aspects of the Demand Experiment and EHAP more broadly, including the state of computing, statistical and economic analysis, and the relationship between these forms of knowledge production and the political and social milieu from which they sprung. These technical issues were present across the EHAP elements, but are considered here because HADE was the most formally scientific element. The chapter considers what impact the context of then current science of social research and society at large had on the "experimental laboratory." It also assesses the impact of the experiment on science intended to solve social problems and on the society in which those problems were embedded.

Two features that were in some respects incongruent characterized the Demand Experiment. The first defining feature of HADE was its focus on the individual “household” as the unit of analysis, rather than the block, census tract, city or community. Researchers focused on the individual householder and the decisions he made in response to the offer of an allowance payment. The second, contradictory feature of the Demand Experiment was formal experimental design, the very purpose of which is to permit generalizations to be made for all cases based on good research and data collection. The Demand Element had the greatest potential to impart on EHAP a qualitative sense of the lives of participants, but ultimately became the most abstracted from those lives. HADE reports preserve almost no sense of what participants were like as individual people or households. The incongruence arose out of that tension between the individual and the general case that exists in any experiments.

In the Demand Experiment, the use of control groups at both sites increased the ability of researchers to distinguish “program effects” from changes that would have happened even in the absence of the program. In turn, policy analysts could be confident that program effects identified in both sites were likely to be found in the general case: a nationwide allowance program. One result of this experimental orientation was that EHAP element which on the surface was the most likely to yield insight into what we might call the “lived experience” of the low-income families because it focused on household behavior was in fact highly statistical and quantitative. While the Demand element examined “Housing Deprivation,” “Locational Choice,” and “Search Behavior of Black Households,” all phenomenon that seem tied to the individual, the Demand element alone among the three elements contains no narrative description of participant experiences, no anonymized profiles or case studies. It represents participating households exclusively through what Mary Poovey calls "figures of arithmetic," that is, figures that render the self solely through numbers.[1]

In the cases of both housing need and locational choice, the motive for assessing whether allowances facilitated the choice or reduced deprivation went beyond concern for individual/household condition, and instead centered on promoting the connection of the household and broader society in order to strengthen the social compact. Given that this bond was a key component to the ostensible authority or warrant for the creation of knowledge within the whole of EHAP, it is at least worth noting that the policy utility of the allowance approach was to be established wholly by the sums, rather than the particulars, of participants' experiences. As Kristie McClure has noted, what "will 'count' as political knowledge" varies according to social and historical circumstance and context. The removal of the individual subjects from the study of the subjects as a numerical composite in the Demand Experiment has much in common with the phenomenon McClure describes in assessing the authority on which early "Statists" (statisticians generating knowledge to support the state) rested their claim to produce knowledge. Looking at the justifications given by nineteenth century Statisticians for their claims of producing knowledge, McClure argues that their authority arose in significant measure from removing the knowing subject from the project of knowledge production using statistics. As she argues, "the credence attached to statistical data develops not with its *proximity to* but with its *distance from* the authority of ordinary individuals" and this construction reverses

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[1] Mary Poovey, "Figures of Arithmetic, Figures of Speech: The Discourse of Statistics in the 1830s," *Critical Inquiry* 19, no. 2 (January 1, 1993): pp. 256–276.

the relationships between politics and the individual in a liberal democracy—in which politics is authorized by individual consent.[2]

In the formal design of the Demand Experiment, a similar phenomenon was at play, as in order to have the strongest imaginable authority to make a policy intervention in housing, Demand Experiment research products removed any sense of the individual households to create an abstraction—the beneficiary of the policy intervention became hypothetical. The power of the knowledge generated in EHAP, then, derived in no small measure from the distance between the particular case (such as a household in Pittsburgh) and the general case (such as statistics about how household respond to housing payments of various levels).

The Demand Experiment, however, went even a step further than McClure's nineteenth century statisticians, since HADE's data was not acquired by passive observation of interactions, but via the manipulation of variables within the "experimental laboratory" and measurement of household responses to those controlled manipulations. HADE required willing participants in the experiment whose consent and contributions were required in order to generate the data, but reveals almost nothing about them. Emphasizing their presence as visible subjects, perhaps via qualitative evidence, would have affiliated the Demand Experiment with a form of knowledge that lacked, in the historical and social context of 1970s, the power to "authorize" or justify persuasively, the allowance as a policy intervention. Rendering invisible the subjects of the Demand Experiment elevated the stature of EHAP overall and of the demand sub-element, as will be clear in the final chapter's discussion of how the experimental data figured in policy decision-making.

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[2] Kirstie McClure, "Figuring Authority: Statistics, Liberal Narrative and the Vanishing Subject," *Theory & Event* 3, no. 1 (June 1999): http://muse.jhu.edu/journals/theory_and_event/v003/3.1mcclure.html.

This level of quantitative scientific rigor is what made EHAP as a whole distinguishable from other HUD programs where new ideas were tried out in the field as "demonstrations" that could not make strong claims about the effects of a particular policy intervention in the general case. It was the Demand Experiment, in many ways, that satisfied the allowance concept's critics and fulfilled the requirement of EHAP's congressional authorization to conduct "an experiment" and not some other type of research. The demand for an experimental methodology meant that what would give EHAP findings weight was a chi-square, a regression analysis, or Poisson distribution not an ethnographic account, a qualitative description of a family before and after the allowance, or a detailed interview with a landlord describing the program from a suppliers point of view. Why? Why was this particular kind of knowledge, statistical knowledge, required not just in EHAP but in the several other large social experiments conducted in the 1970s, when at many times a demonstration or even a lobbying effort could put the wheels of a new policy in motion? As Mary Poovey argues with respect to first heyday of political statistics in the nineteenth century, the appeal of data-driven analysis supported by large-scale social experiments was a product of a particular historical circumstance. After the political upheavals of the late 1960s, the hope was that "figures of arithmetic" would empower certain claims to solve social problems, and in turn empower those who advanced the solutions.[3] One direct source of evidence about the precise problems to be solved is the conduct of the experiment itself, and not only in the explicit and articulated goals and practices, but in the implicit ones revealed by the process. The Demand Experiment is an appropriate source for investigating this relationship because its methodologies gave EHAP as a whole its strongest claim to producing the kind of

[3] Poovey, "Figures of Arithmetic, Figures of Speech."

knowledge which the political system most privileged in making social policy decisions.[4] It also gave HUD's entire effort to examine housing allowances the privileged status of an "experiment" and thus secured support for the enterprise from skeptics in Congress.

Fielding the Demand Experiment: Selecting Sites and Researchers

Phoenix, Arizona and Pittsburgh, Pennsylvania. Abt Associates and not SRI. For HUD, the Demand element site selection ultimately came down to these two cities, the sites chosen for the first effort at a "scientific experimental program" to test the allowance principle. And it came down to Abt Associates' selection as the major researcher conducting the experiment at those sites. The process of selecting the two sites constituted the first act of power in EHAP that would have significant repercussions for people in the "real world" beyond the federal departments and research institutes. The selection would open access to channels of power and federal funding for the local areas, and create program staff jobs as well. The selection would transform the cities themselves as well, as more quantitative information would be collected about their housing and housing markets than existed about most any other cities. While the program intended to keep a low profile, HUD sought cooperation from the local housing authorities and the authorization of local elected officials to participate in the program, as well as forming local advisory committees of citizens.

Reflecting the larger experiment's quantitative bent, HUD's choice of sites was largely, but not solely, the product of a selection process that quantified the characteristics of potential cities in order to rank and include or exclude potential sites. Yet from the outset, the political

[4] There were several other major social experiments conducted during roughly the same period in the United States, most focused on the family and work impact of a national guaranteed income, often provided via a "negative" income tax.

environment would shape HADE in various ways. The preliminary site selection began at the end of 1971, and by the end of January 1972, Harold Finger's research department had prepared a short list and circulated it to Secretary George Romney and Under Secretary Van Dusen. HUD intended to make contact with the selected cities by February.[5] In order to draw up a list of suitable candidates, the process filtered out various types of cities that would be unsuitable. First to be excluded were cities without surrounding Statistical Metropolitan Areas (SMSA) of least 500,000 people and those without at least 60,000 rental units. The intent was to ensure that the estimated 1,000 households receiving a payment would not put pressure on the housing market or be otherwise noticeable. Also dropped from consideration were locations where the SMSA was divided between two states, as in Washington, D.C. Those cities that had no recent HUD housing activity in leased housing and traditional public housing programs were excluded, because researchers wanted to compare allowances to those programs in the selected cities. Finally, a small number of remaining possibilities were ruled out because they were the sites of ongoing social experiments on income maintenance, or had other "atypical" characteristics, as in Honolulu, Hawai'i, and Chicago. Chicago was eliminated because the department was involved in the *Gautreaux* lawsuit there. The suit charged that the Chicago public housing authority discriminated against minorities by building public housing only in low-income, primarily black neighborhoods. Ironically, of course, the difficulties of siting public housing outside of such

[5] Harold Finger to George Romney, Memorandum "Description of Proposed Housing Assistance Research Program," January 22, 1972, Housing Assistance Research Folder, Box 7, Romney Papers, Bentley Library, p. 4.

areas was one of the reasons HUD pursued the allowance approach. At the end of these procedures, the list of potential sites numbered thirty-one.[6]

In order to winnow the list of possibilities down further, the research department devised a system that quantitatively ranked the cities according to how hospitable the SMSA's housing market would be for participants. The thirty-one cities were scored from one to three on four factors: growth rate, rental vacancy rate, cost of housing, and their "racial concentration index." Interestingly, the data for this last factor came from one of the earliest studies to quantify and spatially define segregation in America, the Tauber's *Negroes in Cities,* which used data from the 1960 Census. HUD believed that concentration could serve as a proxy for the degree to which racial restrictions would impede the "locational choice" of those households wishing to relocate. As Finger put it in describing the selection process, "one of the major restrictions on the ability of certain families to obtain better housing is the racial barrier which is imposed on minority groups." Although the research department considered the 1960 Census data out of date, no other source existed.[7] The ultimate rankings of the remaining SMSA were equal to the sum of their scores in the subcategories. Totals ranged from six to twelve, so that a city given a six would be distinct in several respects from one given a twelve, but neither score was necessarily "better" overall.

The reasons for the selection of Phoenix and Pittsburgh in particular are only partially clear. Pittsburgh was selected first. It was characterized as medium vacancy rate, low cost, low growth city with a medium level of racial concentration, giving it a total score of eight. Phoenix,

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[6] Finger to Romney Memorandum, "Evaluation of Locations and Agencies for the Housing Assistance Research Program" January 22, 1972, Housing Assistance Research Folder, Box 7, Romney Papers, Bentley Library, pp. 1-5.

[7] Finger to Romney Memorandum, "Evaluation of Locations and Agencies for the Housing Assistance Research Program" January 22, 1972, p. 7

with high cost, high growth, high vacancy rates and a medium level of racial concentration scored a nine and offered a good contrast to Phoenix in some criteria. HUD wanted to select sites that would differ from each other particularly with respect to race and growth, but without choosing a racial/growth environment that would be so difficult that would-be households of color had little real hope of exercising the "choice" that drove the program.[8] Furthermore, areas with low growth and high racial concentrations—the conditions that characterized white flight, were likely candidates for the kind of white opposition the program was eager to avoid, as evidenced by the elimination of Chicago from consideration.

The willingness of the state and local governments to participate or at least accept the program also shaped site selection. Even though the program was small, none of its goals would be met if local elected officials showed opposition, formal or informal. Some cities were eager to participate and secure the attendant funding. Pittsburgh appears to have mounted something of a lobbying offensive to secure a program site. On April 11, 1972, George Romney wrote a letter to Pennsylvania Senator Hugh Scott thanking him for a telegram sent the previous month in support of Pittsburgh's selection. Romney wrote back to "assure" Senator Scott "that Pittsburgh is and continues to receive careful consideration."[9] In June, HUD issued its first pamphlet explaining the Demand Experiment to a general audience, and in it, Pittsburgh was already named as the first of a planned five total cities where up to 1,000 families would be selectively offered enrollment in the experiment. By July 7, 1972, researchers were in Pittsburgh creating a master

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[8] Abt Associates, *First Annual Report of the Demand Experiment: Experimental Housing Allowance, Dec. 4, 1972-Dec. 4, 1973* (Cambridge: Abt Associates, 1977), p. 37.

[9] Letter, George Romney to Senator Hugh Scott, April 11, 1972, Research Development and Technology Subject Correspondence, Jan-April 1972 Folder, Housing and Urban Development (RG 207), NACP.

list of all the housing units in the census tracts selected for the experiment.[10] Phoenix followed thereafter, but the project never expanded beyond those two sites.

At the same time as these negotiations between HUD and the selected sites for the "experimental laboratory" were occurring, HUD was also negotiating with researchers in a competitive process called an RFP, or Request for Proposals, to award to one of the many emerging social research institutes in the country the contract for fielding the experiment. Using an initial design created by the Urban Institute as a starting point, the proposals allowed each institute to make its case to HUD, outlining its expertise, resources, and plans for implementation. In the 1960s and 1970s, social research firms were growing rapidly. After the first wave of World War II firms like RAND, Stanford Research Institute and the National Opinion Research Corporation (NORC) opened, factors ranging from domestic concerns related to the Cold War to related advances in abilities to analyze large data sets encouraged segmentation and specialization in the industry. The success of RAND Corporation in particular encouraged many others, sometimes former RAND employees, to set up independent research shops and try to win a fraction of the lucrative government contracts available from the Departments of Labor, Health, Education and Welfare (HEW), and Housing and Urban Development, as well as the Department of Defense.

A competitive process brought seven applications from among these firms. The initial Demand Experiment contract was won by Stanford Research Institute, which had separated in 1970 from the university for which it was named. In early 1972, Stanford Research Institute was already conducting preliminaries in the field as part of the design phase of HADE. After a series of delays in pilot enrollment, HUD fired Stanford Research Institute and asked Abt Associates,

[10] Abt Associates, *First Annual Report of the Demand Experiment*, p. 11.

which had been awarded the Administrative Agency Experiment and placed second in the competition for the demand element contract, to step in. Abt took over implementation and analysis.[11] Taking over an ongoing program presented Abt with some challenges; for example, they had to use SRI's partner, National Opinion Research Corporation, for the early surveys because NORC and Westat, Inc. were already in place in the field. The survey partner Abt Associates had originally proposed in their application to HUD, CONSAD was not party to the contract. The shakeup came with consequences for HUD as well, as CONSAD reacted to the replacement of Stanford by filing a complain with the Comptroller's office in the Government Accountability Office accusing HUD of violating the law by award the contract to Abt Associates on a noncompetitive basis. Thus the conduct of EHAP reshaped relations between HUD and research contractors, as well as among the contract seeking institutes.

Ultimately, in June of 1973, the Government Accountability Office, in a demonstration of its ability to influence the "experimental laboratory," sided with CONSAD. The Comptroller required HUD to "sever" any parts of the Demand contract that could stopped "without a deleterious effect" on the allowance research program as a whole and re-award the contract on a competitive basis.[12] It is not clear whether any such element was found for rebidding. Subsequent survey work was consolidated under NORC alone, so perhaps Westat was removed in a rebidding process. CONSAD never returned to the project. No mention or explanation of the removal is made in the various reports on the HADE's progress, nor is it clear that any part of the contract was rebid. It seems likely given the rapid timeline of program development reported by

[11] Abt Associates also took over another government contract initially awarded to SRI during this period.

[12] Paul Dembling, Memorandum to HUD Secretary James Lynn "B-177691 Protest of Noncompetitive Contract Award," GAO Redbook Online, redbook.gao.gov/1/fl0003265.php. Accessed Feb. 18, 2012.

Abt Associates in the *First Annual Report* that it was not. Major design elements were being finalized each month from December 1972 through July 17 1973. On that day, less than a month after the GAO called for rebidding, interviews of a test group or "pilot" sample of eligible began. Within five months, all 50,000 screening interviews were completed.[13] The dustup showed clearly that for research institutes, contracts to conduct social scientific research were of significant value as military research needs supported them less and less. It also established the GAO as a significant power broker in the allocation of these contracts, and thus as an agency with which the institutes needed to maintain favorable relations.

Designing the "Experimental Laboratory": Planning the Demand Allowance Test

While the design work done at the highest levels established the basic parameters of each of the three elements, the transformation of that framework into a full-fledged experimental design was carried out separately. Befitting its status as the design center, the Demand element was the first to go to the field, and many of its design particulars served as models as the Supply and Administrative Agency Elements were brought to scale in the months that followed. As was briefly noted in the preceding section, household behavior was the primary unit of analysis in the Demand Experiment. The Demand Element focused on how households would respond when offered an allowance payment, and aimed to address six focused policy questions. First, it looked at the demographics of who participated and if the form of the allowance affected participation. Second, it quantified the extent to which the allowance prompted improvements in the quality of participants' housing and, if so, whether they obtained it by renovating or moving. Third, it tracked the "locational choice" of participants to see what percentage chose to move and whether

[13] Abt Associates, *First Annual Report of the Demand Experiment*, pp. 9–11.

their new homes followed existing "residential patterns" particularly with regard to race and income separation. Fourth, it collected data on program administration costs and obstacles. Fifth, it compared the impact of various allowance forms and payment levels on the issues above. And finally, it compared these outcomes with existing federally subsidized housing programs.[14] The goal was to answer these questions with an experiment that hewed as closely as possible to the experimental structure that would be used in a science lab, and therefore most of the design effort centered on two elements: the experimental treatment and the data collection, mainly via survey questions.

There were two different basic experimental treatment categories or "forms of allowances" in the Demand Experiment. One was referred to as a "housing gap" plan and the other as "percent of rent." In the housing gap form, the payment (S) made to an enrollee was calculated by subtracting some fraction (b) of household income (Y) from the local market rate for a housing unit of the size the household(C*) required so that: S=C*-bY. To test the effect of various payment rates, several different levels of (b) were tested. In addition, some participants in this plan would be subject to one of two forms of "earmarks" that tied their payments to housing. Some had to live in units that met a particular set of housing standards. Others had to pay rent of at least a certain level. The basic percent of rent format made the payment (S) equal to some fraction (a) of the household's actual rent (R), with some limits placed on rental amount, and the fraction also being variable, so that: S=aR. Variations in (a) from .2 to .6 would be implemented so that the data could model how much different rates of subsidy affected participation, locational choice, and other variables. In addition, the Demand element employed

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[14] Stephen Kennedy and Helen Bakeman, *Fourth Annual Report of the Demand Experiment: Experimental Housing Allowance Program, January 1, 1976-December 31, 1976* (Cambridge: Abt Associates, 1977), pp. 4–5.

two different control groups. Abt Associates and HUD wanted to be able to isolate the impact of the housing information provided to participants from the rest of the treatment protocol, one control group received small payments for attending housing information sessions while the other received them simply for agreeing to answer researcher's questions. Including these two controls, there were twenty-five treatment "cells" in each of the two demand sites receiving 19 different treatments. Highlighting the experimental rigor of the experiment, Abt Associates noted in its annual reports that certain of the cells used payment formulas that were never possible forms for the eventual program. Instead, they would generate information that would strengthen statistical confidence in, or allow interpolation of, the results.[15] One value of this approach was that it provided data about a range of potential policies rather than the single treatment usually examined in demonstration projects.

The large number of treatment cells also created difficulties that ranged from the mundane challenge of coding and tracking so many cells correctly to the practical challenge of administering almost twenty different programs from the same office. The largest difficulty, though, was low yields of program participants. Roughly 80% of households offered an allowance agreed to participate in HADE, but of those who had to meet additional criteria in order to get program payments, only 50% ever met the criteria. At the end of the two years of research, this meant that in the two sites combined, as few as 49 households were in one treatment group. The largest experimental group had 190 households. For some variables, these small yields limited the analysis that could be done of the different treatment groups. For example, there were so few black households in some groups that the groups had to be aggregated to allow analysis. Differences in payment levels could not be analyzed for correlation

[15] Abt Associates, *Second Annual Report of the Demand Experiment: Experimental Housing Allowance Program, Dec. 4, 1973-Dec. 31, 1974* (Cambridge: Abt Associates, 1975), pp. 12–17.

with race to determine, for example, if black households were more or less likely to move than white households as the payment level was increased. Such impacts could only be analyzed for the sample as a whole.[16] Similarly, as a result of the very low percentage of households moving during the experiment compounded with the smaller number of minorities enrolled and foreclosed certain avenues of research about discrimination and segregation. One useful analysis that could not be undertaken concerned whether certain sources of housing information (newspaper ads, vacancy signs, etc.) affected the racial composition of the neighborhoods that households moved into, since researchers had fewer than 15 interviews from which to draw conclusions for all of the formal sources of market information.[17] These computational realities limited the policy inferences that could be made from the experiment. The small number of racial minorities present in the sample limited the capacity of the experiment to generate knowledge about the impact of allowances as racial policy—one of the most significant questions in all of EHAP.

The Demand Experiment figured prominently in creating a framework for interview questions that would, in each of the three experiments, generate the data for researchers to analyze. The interview process in the Demand Experiment reflected the emphasis on laboratory-level scientific rigor wherever possible. In order to maximize data collection while assuring that participant responses to the program would reflect those of a real program, the interview and enrollment process proceeded by stages. Among other things, in order to minimize the chance that the prospect of a cash payment would influence answers, information about the allowance

[16] Raymond Struyk and Marc Bendick, eds., *Housing Vouchers for the Poor: Lessons from a National Experiment* (Washington, D.C.: Urban Institute Press, 1981), pp. 44–45. Chart of treatment group sizes on pages 60–61.

[17] Avis Vidal, *The Search Behavior of Black Households in Pittsburgh in the Housing Allowance Demand Experiment*, (Cambridge: Abt Associates, 1980), pp. 40–41.

program was shared with prospective participants only after their initial data was collected. Additionally, researchers' commitment to experimental rigor also meant that in Pittsburgh and Phoenix, they chose not to advertise the program. Once local officials agreed to allow the program, there was little effort to coordinate or collaborate with local government. Beyond the establishment of a small community board at each site, the Demand Experiment was kept out of the public eye. There was no marketing or outreach to other programs for low-income households. There were many reasons why this made sense, not the least of which was a question of equity raised by the fact that only a small number of households from among those eligible would be invited to participate, and that pool was set by random sampling rather than by a first-come first-served procedure more common in limited entitlement programs.

The first stage of the HADE involving community contact was a door-to-door "screening" interview of the 50,000 households at each site selected by a sampling procedure. Sampling at both sites involved identifying, using the 1970 Census, those census tracts with median incomes under the program's eligibility cut off of $10,000 dollars. From there, the researchers set out to identify every address in the selected tracts. The first data collected for the experiment was the addresses of these estimated 150,000 units per site. From that list, the random 50,000 household sample was drawn. Researchers went to those doors to ask the first survey questions. The first purpose of this interview was to determine if the particular household was eligible for the program, although the existence of the program was never to be mentioned at this stage. This "screening" was done on 90,000 households.[18] If the household was estimated to be eligible, researchers also collected preliminary information about the household, its

[18] Kennedy and Bakeman, *Fourth Annual Report of the Demand Experiment*, p. 50.

membership, and tenure. Nearly 10,000 households at each site reached this stage.[19] It was at this stage that families were assigned one of the treatment groups by Abt Associates at their Cambridge headquarters. Thus assigned, lists of families with whom to conduct a "Baseline" interview were sent to the survey contractors, NORC and Westat, Inc. Abt described the Baseline interview as "an hour-long interview which seeks detail about income history, family characteristics, attitudes, and housing conditions and preferences." Remarkably, 80% of the households completed the interview, still with no knowledge of the allowance program or any hint that they would be offered its benefits.

Questions asked at this stage determined, to a great extent, what would be possible to know about the impact of vouchers, and of course reveal much about the kind of knowledge the experiment was intended to produce. Anything not asked at this stage could not be compared on a longitudinal basis in order to parse program effects from unassociated life changes. In addition, the multistage process would make it possible for the researchers to parse different aspects of the enrollment process and identify some of the obstacles and deterrents that interviewees faced in the market. For example, interviewees who agreed to participate in the experiment immediately began receiving a token payment of 10 dollars a month. In order to receive the full amount possible in their treatment group, most participants had to meet additional conditions. The Demand Experiment's "housing gap" element tested minimum rent requirements and quality standards as forms of earmarking. Families had to meet one or the other requirement, and compliance often required moving. The multistage enrollment process meant that willingness to participate in the experiment, called "enrolling," was quantified separately from actually "participating" or receiving full payments, and the impact of many demographic variables on

[19] Abt Associates, *First Annual Report of the Demand Experiment*, p. 47.

successful participation could be quantified as well. Among other things, this allowed researchers to determine that while black families were more willing to enroll than whites, they were less likely to meet the program requirements in the unit where they lived at time of enrollment, and thus less likely to become full participants because moving was a particular barrier. The elderly, in contrast, were less likely than the non-elderly to become full participants, but the reasons varied at the two sites. In Pittsburgh, they more often declined to enroll and in Phoenix were less likely to become full participants if they had to move in order to qualify.[20] These kinds of focused analyses were only possible because of the careful and repeated gathering of data that characterized EHAP in general and in particular the rigorous scientific design of the Demand Experiment.

Other, more politically sensitive questions could have been pursued, but political sensibilities curtailed them in the survey design. Since the answers to these questions were the basis for a vast swath of the data analysis, planners were concerned that the interviews not offend individuals, or civil rights groups that were monitoring, with significant skepticism, the allowance experiment. The creation of the Demand screening survey exemplified the conservative approach to dealing with these concerns that typified EHAP. Negative responses from individuals or groups could compromise the entire EHAP effort, and thus they were avoided. It was a critical time, coincident with the rise of criticism of the program from the Office of Management and the Budget (OMB) in Washington, D.C. Furthermore, the project was going to need more than just the two years of funding it had initially. Negative reactions to these first survey efforts could derail the whole enterprise on which HUD had staked so much of its efforts to build a research reputation. The primary concern was for mishandling sensitive,

[20] James Wallace, *Preliminary Findings from the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1978), pp. 11–15.

overlapping questions of race, gender, and class. In keeping with both the need for generalizable data and the belief that different populations, especially poor African Americans, would respond to an allowance program differently, researchers wanted to collect data about race. They were not clear about how to collect that data without offending either the civil rights organizations that were monitoring the test or the people who would be asked.

As a result, the data and statistics section of HUD suggested revising an interview question devised by Stanford Research Institute listing "eighteen nationalities, one religion and one racial group" and asking potential participants to identify themselves as one of them. The memo suggested that because "of the sensitivities of minority racial and religious groups, showing 'American Negro/Blacks' and 'Jews'" in a list otherwise composed of nationalities could "lead to some unfavorable civil rights publicity." As a solution, the memo proposed separate questions about race and religion.[21]

In the end, EHAP questionnaires were silent on these matters. The question was deleted entirely and participants would not be asked their racial identity. Instead, the interviewer would make a determination based on physical appearance. The surveys crafted by NORC for the Demand Experiment included a final section with an underlined heading in all capital letters: "INTERVIEWER REMARKS AND OBSERVATIONS FILL OUT AFTER YOU LEAVE THE HOUSEHOLD." That page required the interviewer to mark the race of the interviewee as "White, Black/Negro, Oriental, American Indian or "Other" and to respond to the question "Is the respondent Spanish-American?" with Yes, No or "Don't Know." Another question asked somewhat strangely given that all questions were asked in English, "Did the respondent use a

[21] Arnold Diamond, Memorandum to Fredrick Symmes, August 19, 1972, May-August 1972 RDT Folder, Box 98, RG 207 (Department of Housing and Urban Development), National Archives and Records Administration (College Park, Maryland).

language other than English to respond to any of the questions?” If so, the interview indicated what language from choices including Spanish, Italian, Polish, Russian, German, Yiddish and Greek. With the exception of the potential to indicate Yiddish responses, religion was removed from the data collection entirely. Finally, the section allowed the interviewer to note how willing to participate the household had been and if there was a “kind of interviewer” that should be sent the next time and if there was anything subsequent interviewers should know about the head of household in order to facilitate cooperation. These questions were free response, with no list of choices to indicate what might be meant by different “kinds of interviewers” or what types of information were anticipated to facilitate follow up. With this design, HUD chose the risk of less accurate data when policymakers and researchers could not settle on an acceptable way to articulate with this politically sensitive question that would allow participants to self designate. Researchers initially planned to gauge Latino ethnicity, or “Spanish” origin, as it was most often called in EHAP documents, by scrutinizing last names. Interviewer determinations of Hispanicity in Phoenix, the only site with a Latino population, faced the additional complication of distinguishing Latinos from American Indians who constituted about 3% of the population in the Phoenix area.[22] Ultimately, the decision was made to assign this category as well according to the perception of interviewers.

Setting aside the errors this procedure for identification almost certainly caused, the interview revision process highlights the extent to which the social experiment would necessarily differ from the “experimental laboratory” Abt Associates had optimistically set out to create. The extreme sensitivity of the experimental proposition, its subjects, and the topics to be studied required meant that political concessions sometimes tempered scientific accuracy. This was

[22] Abt Associates, *Second Annual Report of the Demand Experiment*, p. 170.

certainly the case when abandoning direct questions about racial identification. It must be noted that in using observation to designate race, rather than self-designation, the experiment might have been approximating quite well the subjective assessments of landlords and housing suppliers who would assess the race and ethnicity of prospective tenants. Anyone misidentified by the interviewer might be viewed similarly in market. However, such identifications would have been highly subjective, and Abt Associates did not attempt to standardize them.

The revisions suggest the extent of HUD's sensitivity to the changing politics surrounding racial identity and its efforts to determine a course of action that would not offend. Instead, HUD pulled back and sacrificed accuracy rather than risk offense. This type of decision in which political considerations shaped experimental design occurred repeatedly in the various elements. Notably, however, in this instance the political sensitivities being catered to were those of civil rights organizations who represented for HUD the power of people of color, suggesting the degree of influence they had as civil rights legislation was transitioned into bureaucratic practices. As will be evident in the course of the dissertation, as the experiment wore on, politically oriented design changes more often reflected fears of backlash from the majority white populations.

While the role that racial politics played in crafting these instruments must be acknowledged, the researchers also created the experiment with a tremendous respect for the participants that should not be underplayed. Confidentiality and the privacy of participants were paramount concerns that sometimes brought the research institutes and their experimental orientation into forceful conflict with the political considerations of government agencies. In the Demand Experiment, concern for confidentiality was evident in efforts to protect participants' privacy at the community level. The training manuals for the staff evaluating each unit highlight this concern. The *Housing Evaluator's Training Manual,* for example, repeatedly stressed that the data had to be kept private and secure, for example requiring material stored in cars to be locked in the trunk. The evaluators were directed not to disclose their identities to landlords unless absolutely required, and then only to show EHAP ID and direct any and all questions to the Site Director rather than answering them in the field. Non-participant onlookers were not even to be supplied with proof of identity. The manual likewise admonished field workers never to discuss anything they saw or heard in the houses they visited other than what was to be recorded on the evaluation. Bad housekeeping, domestic disputes, and unkempt rooms were irrelevant to the experiment and to be kept private by inspectors.[23] These expectations for behavior contrasted sharply with the kinds of inspections common to other forms of government assistance, in which the presence of male household heads, dirty dishes or signs of moral defect were incorporated into the reports establishing eligibility and could be determinative of benefits received.[24]

Stanford Research Institute, with the heavy involvement of the Urban Institute, had worked to finalize the design of the Demand Experiment in the spring and summer of 1972. In July of 1972, alongside survey contractor NORC, SRI began to conduct the surveys of Pittsburgh. NORC had already been in the field conducting physical surveys and generating the sample. Researchers were ready to begin enrolling households in what researchers came to call "The Great Housing Experiment." The main data collection instruments were the Housing Evaluation Form (assessing housing condition), the Baseline and Periodic Interviews (collecting information about income, location and housing tenure, employment history and in the periodic

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[23] Abt Associates, *Housing Evaluator's Training Manual: Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1974).

[24] For one discussion of such practices, see Jill Quadagno, *The Color of Welfare: How Racism Undermined the War on Poverty* (New York: Oxford University Press, 1996).

reports, program and housing satisfaction), the Monthly Report Form completed by the household, and the Housing Evaluation Form, completed for each unit in which a household lived during the experiment and some prospective units never leased. In addition to review by the research institutes, the instruments required and received approval from the OMB, a process that added about a month to the process of preparing each survey instrument.[25] By the end of December 1972, HUD replaced Stanford Research Institute with Abt Associates; a firm had another research team already engaged in designing and implementing the Administrative Agency Experiment. Despite the handover of the field operations contract, HADE was fully field operational. Crossing that boundary was an important moment both because it pushed the element past the point of turning back and because it exposed the "experimental laboratory" to new pressures for the first time.

In The Laboratory: Administering the Housing Allowance Demand Experiment

With the survey instruments drawn up and testing underway, the Demand Experiment began offering enrollment to non-pilot households in April of 1973. In order to prevent familiarity with the participants from clouding evaluations by researchers, interviews, data collection, and analysis were kept operationally separate from the offices of the allowance program itself. Abt Associates went to great lengths to standardize procedures in the field units, in an effort to eliminate variations in outcomes based on different executions of research functions. In both Pittsburgh and Phoenix, Abt Associates maintained two separate operations, one for executing the program and another that collected data to send to headquarters' staff in Cambridge for analysis. The field office staff was divided into six sections charged with

[25] Abt Associates, *First Annual Report of the Demand Experiment*, p. 26–28.

executing various tasks required in the allowance program. Enrollment, payments, housing evaluation, participant certification and housing information were executed as distinct processes, with specific protocols and staff training, overseen by the administrative section or site management.

This division of responsibilities left some of the sections exposed to more influence from the world beyond the "experimental laboratory" than others. Enrollment was responsible for inviting households to join, explaining the program in a uniform way to every household while conveying the particulars of the payment formula they were to be offered. The activities of the enrollment section were highly proscribed and "closely controlled through constant re-training, written materials and extensive quality control." Information about each of the 17 payment formulas was transmitted to potential participants through a booklet rather than orally, so that different explanations of program "benefits and obligations" would not influence the likelihood of households to accept the assistance offered.[26] Enrollment was a sensitive process, one in which actions by participant, staff and the community could all influence the laboratory setting, and thus the execution of enrollment tasks was highly proscribed.

Most of the other sections faced a more modest exposure to non-experimental influence. The payments section checked up on income and issued payments, a process that was simplified by automated computer processing midway into the program. Payment processing was a lower risk area, easily contained wholly within the experimental arena with little community contact. The housing evaluation section inspected the housing units of all enrolling households, determining if the physical plant met requirements, if any, of the housing offer, and collecting the data about each housing unit needed to determine any experimental effects. Certification was

[26] Abt Associates, *First Annual Report of the Demand Experiment*, p. 50.

the section charged with verifying continuous eligibility, which depended not just income but household composition. The unit was also charged with maintain “a smooth flow of paper among all the sections and maintain[ing] the central files.” Finally, the housing information section, run by the National Urban League’s local affiliate, “provide[d] enrollees with information that will assist them in making housing choices and obtaining maximum benefit from resources made available under the program.”[27]

Housing Information, the lone section not controlled completely by Abt Associates, proved to include some of the most difficult variables for researchers to control. The presence of a local social organization itself introduced novel influences to the field offices. The primary responsibility of the section, run by the Urban League but within the physical space and supervision of Abt Associates field staff, was the provision of housing information sessions. Information was provided via a five-part series of workshops designed to “provide enrollees with information that will assist them in making housing choices and obtaining maximum benefit from resources made available under the program” and to “ensure enrollees are provided with those legal and supportive services that will permit them to deal effectively with any discrimination they may encounter in the housing market.” Finally, they were to provide referrals to local agencies for “resolving various problems encountered in the course of the experiment.” Using a variety of media including audiovisual materials, the information sessions conveyed both practical information and explained the ongoing services available to participants. Surprisingly, while the dissemination of equal opportunity information was the primary impetus for having the sessions at all, only a single session focused on this topic. Others addressed the anticipated needs and deficiencies of participating households. The sessions provided an

[27] Ibid., pp. 44–45.

overview of the experimental program, information about "housing and neighborhood choice," landlord-tenant relations and "the family budget, moving and packing, and hints on home maintenance."[28] The development and selection of these additional sessions suggests the infiltration of certain ideas about the target populations that had until that point been excluded from consideration or remained implicit. The staff made a sincere effort to make the sessions accessible, providing babysitting, reimbursing transportation costs, and hosting the sessions at a variety of sites throughout the cities. When initial participation was low, extra staff was hired to make home visits encouraging attendance. None of these measures seemed to drive up attendance. Despite efforts to facilitate it and the delivery of 339 sessions in Pittsburgh and 224 in Phoenix, attendance at the sessions was only about 33%, much lower than the 80% attendance Abt had expected.[29]

The conflict between the broader mission of the Urban League and the narrow focus of Abt Associates' laboratory generated an unanticipated source of conflict, and potential contamination of the data. Reflecting the mission of the Urban League, the Information section was eager to help participants in areas where they expressed need, including landlord tenant relations and problems provoked by rapidly inflating energy costs. Under the Urban League's more holistic and interventionist approach, these kinds of issues could have repercussions for program participation, so League staff wanted to help. Abt Associates, however, saw interventions of these kinds as outside of the experimental protocols and as a threat to the scientific rigor of the design. As Abt Associates saw it, the mission of the housing information section was to administer the housing information sessions offered to enrollees and to make referrals to the program attorneys in cases where participants reported discrimination. Referrals

[28] Abt Associates, *First Annual Report of the Demand Experiment*, p. 54.

[29] Abt Associates, *Second Annual Report of the Demand Experiment*, pp. 136–7.

to other agencies were to be made for all other matters. Direct intervention by the Urban League's staff was not permitted.

This area was a point of ongoing curt discussions between John Gaynus, who oversaw the Urban League's contribution to HADE and George Bender, the Cambridge-based Director of Site Operations for Abt Associates. Gaynus wrote reports accounting for the activities of the Housing Information section every payroll period. The reports feature some of the only sense of the participants' perceptions of the program in all the Demand Experiment sources. One mentions that participants complain of the hassle of the program bureaucracy, another that it is too invasive given the amount of money provided.[30] The rare qualitative glimpse at participants' experiences highlights the difference in orientation between the Urban League and the researchers. In addition, the reports often suggest frustrations about the limitations Abt placed on the scope of the Urban League's work. Bender's memos questioned the use of time and funds Gaynus described, prompting further exchanges of letters defending the necessity of various expenditures. Some aspects of the experimental design clearly frustrated Gaynus, who viewed the protocols as curbing the effectiveness of the anti-discrimination program. For example, he requested that phone calls for the information section be transferred without screening because the Urban League felt Abt's field staff was failing to refer callers to whom the Urban League could have offered assistance.[31] From Abt's perspective, it is clear that what had been imagined as a robust program that 80% of participants would use became a little used program with a large staff which Abt Associates paid for out of its own contract budget. Only a third of program participants ever attended these sessions, despite the League's vigorous efforts at recruitment.

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[30] C.f. "Report of Activities Payroll Planning Period September 1-28, 1974," "Report of Activities Payroll Planning Period October 27- November 23 1974" Box III: 230, Folder 5, National Urban League Archives, LOC. (after NULA)

[31] John Gaynus, Letter to George Bender, October 17, 1974, NULA.

Fewer still were the calls made to the attorneys at each site, who received an average of two calls per year.[32] As Abt Associates faced federal pressure to minimize its expenses, the status of the housing information program was called into question.

Beginning in the late summer of 1974, Abt responded to the disuse of the program with major reforms. Following the experiment's governing logic of choice and responsibility, Abt Associates did not attempt to draft more participants or to reconfigure the information sessions in hopes of increasing their appeal. Instead, the low demand for legal services caused Abt to reorganize the contract. The Fair Housing attorneys were to be held on retainer rather than as full-time, in-house staff. More drastically, at some point in the fall of 1974, after enrollment was complete, Abt Associates decided to cancel the contract with the Urban League. Until that time, both the initial design and ongoing discussions called for the housing information section to begin providing counseling and information for those dropping out of the program and to those transferring to other programs at the end of their three year terms of enrollment. These services were intended to meet the ethical burden many felt existed to continue assisting participants in an experiment that potentially altered a family's life-course.[33]

On the December 2, 1974, those plans were abolished in a phone call from Stephen Kennedy, the overall director of HADE at Abt Associates, to John Gaynus. Gaynus drafted a memo detailing conversation, in which he said that Kennedy cited cost pressures applied by HUD as the cause for cancelling the contract. Both men referenced a letter stating the contract was cancelled "for convenience" effective December 31, and according to Gaynus, Kennedy indicated that HUD officials had been consulted and believed the decision to cancel the Urban

[32] Abt Associates, *Second Annual Report of the Demand Experiment*, p. 137.

[33] Walter Stellwagen, Letter to William Ross, Executive Vice President of National Urban League Development Foundation, February 16, 1973, NULA.

League contract was within Abt's purview. The Urban League protested the unanticipated cancellation vehemently. Telegrams to Abt Associates and requests for intervention by HUD officials were ultimately ignored. For all its protests, the Urban League won just a single concession. A letter from the founder of Abt Associates, Clark Abt, was added to the files and provided to the Urban League, certifying that the contract's end "was not a reflection of the fine work which the Urban League and its affiliates provided." Instead, the blame lay, ironically, in a program that "was not susceptible to cost-effective subcontracting."[34] The dispute over ending the Urban League contract reflected not only the limited appeal of anti-discrimination programs in an allowance program, at least as designed by these researchers, and also signaled the way in which such a response from participants would be interpreted. Following the logic of supply and demand, lack of participation was not seen as a sign of flawed program design, but as an indication that the need for such efforts was limited. That interpretation would be carried forward from the HADE to the broader policy arena.

In some ways, ending the contract with the National Urban League signaled that the Demand Experiment was beginning to end. All HADE data collection was completed by 1976, but views on how to proceed in analyzing the complete dataset varied among stakeholders. The budgetary pressure that prompted Abt Associates to takeover the housing information section impacted broader Abt/ HUD negotiations about the end of HADE. Abt saw the completion of data collection as the beginning of a new phase in which new analyses could be added to those already planned.[35] HUD, however, saw the moment as high time to wrap up loose ends, fulfill unavoidable obligations, and close the spending spigot while moving swiftly towards the

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[34] Clark Abt, Letter to Alexander Allen, January 13, 1975, Box 230 Folder 5 National Urban League Archives, LOC.

[35] Kennedy and Bakeman, *Fourth Annual Report of the Demand Experiment*, pp. 51–52.

production of analyses useful to policymakers. Initially, HADE planners had envisioned a year of robust operations functions once the two years of data collection were complete, concentrated on vigorous efforts to move program participants into other housing assistance programs.

In the end, HUD controlled the purse strings, and HUD's perspective carried the day. Budget pressures and the lower than anticipated rate of participation caused a scaling-back of plans. In an effort to hasten the end of the program and allow the release of staff and then the closing of the operations office, income based adjustments to payments were halted. Participant payments were fixed at the level received for the last month of data collection. Control households received a single payment of the full amount owed them. Participants were asked to voluntarily report any major changes that would alter the payments than they received. Participants whose remaining benefits were estimated at less than 150 dollars, and those transferred to new housing assistance programs with lower benefits, were offered cash payments of the amount HADE owed them.[36] These changes eliminated the need for staff time in collecting income information, verifying it, and adjusting payouts.

Even without the work of the Urban League, as HUD and Abt Associates took measures to cut costs, efforts to transfer the households to new subsidy programs were relatively robust. Assistance funds for HADE families had been set aside in the Section 23 and Section 8 housing programs early on, and Abt Associates worked with the local housing authorities to attempt to transition households into these programs. Information sessions hosted by Abt's operations staff were hosted in multiple locations in the program areas. Unlike the initial information sessions, an Abt staffer followed up individually with every household that did not attend in order to provide them the information. Those that did not apply to the local authority for help were individually

[36] Ibid., pp. 52–4.

contacted yet again. The irony of all this effort was that, at the end of a program committed to allowing participants to "sink or swim" on the free market, staff expended significant effort in assisting those same participants in enrolling in two programs that involved substantially more government supervision in housing assistance than the allowance program. Section 23 required landlords to lease units to the housing authority, which sublet them to families, eliminating householders' free market participation entirely. Section 8 allowed a direct tenant-landlord lease, but created a contract for partial payment of rent that was between the landlord and the housing authority.[37] Thus both programs undermined the independence, dignity, and free market empowerment that allowances were intended to confer on participants. The contrast between EHAP and other "similar" programs such as Section 8 voucher is one mark of how truly experimental the allowance idea was, and perhaps how unlikely the idea was to persist after the experiment.

For a variety of reasons, perhaps including the greater stigma of these programs, few HADE participants availed themselves of these programs. Of the 1660 households eligible for transfer to a new assistance program, 1224 applied, and yet just 426 of them ultimately signed a lease through Section 8 or Section 23.[38] Abt attributed low transfer rates to a variety of causes including local housing authority workloads that limited attention on the transferees, lower provision for participant assistance within the housing authority, landlord resistance to leasing requirements, the lower value of anticipated payments, and differences in housing quality standards. In Pittsburgh, bureaucratic difficulties in allocating funds between Section 8 and Section 23 exacerbated the problem. Many households could not transfer their existing (HADE) lease into one of these programs, nor make new repairs or move to qualify. Very low vacancy

[37] Ibid., pp. 57–60.

[38] Ibid., p. 61.

rates (approaching 2%) made all these problems worse. Abt Associates' report on these problems, mindful of the institute's chances to secure for future program contracts, noted that the transfer rate achieved in HADE was on par with other instances of transfer from one assistance program to another.

By April 1977, all that would be done in terms of operations had been done. Abt Associates took its data and remaining staff back to Cambridge, and from the perspective of participants and staff in Pittsburgh and Phoenix who knew of the program in its laboratory, HADE was over. In the eyes of researchers who worked to transform data into analysis, on the other hand, HADE was still underway.

Types of Work Products in HADE and their role in EHAP

One of the distinguishing features of operating a policy-oriented social experiment was the pressure to produce, from highly technical analysis, reports that would be useful to a non-technical audience. Simultaneously, the experimenters also needed to produce more technical reports that would illustrate the validity of their claims and the methods used to obtain results to the community of social scientists who were by turns their colleagues, collaborators, program evaluators and competitors for government contracts. While these constraints also affected the other two EHAP elements, they were heightened in HADE by the short experimental timeline and the rigor of formal experimental design and methods. In order to meet these sometimes conflicting agendas, Abt Associates shared HADE results in at least three different forms: broad reports of findings like Preliminary and Final Reports, yearly Annual Reports, the nuts and bolts of the full breadth of HADE analysis in a series of technical reports. Each work product targeted a different audience, and some were available only to limited audiences for a period of time. The broadest reports are discussed in Chapter 5. The next part of this chapter discusses the latter two types of work product, and the role that they played in HADE. First, this section examines the annual reports and their role securing EHAP's place within HUD's research portfolio, and of the research contractor's relationship with HUD. Thereafter, a detailed examination of one of the technical reports highlights the type of data analysis done in HADE, and illustrates that even at its most scientific and methodical, social context, political pressures, and implicit assumptions shaped EHAP in unanticipated ways.

Abt Associates' annual report of the year's activities in the Demand Experiment served to keep top officials in HUD's R&D department, as well as the Housing Secretary, informed of the experiments' progress. Interested members of Congress, the GAO and the Urban Institute also received them, as did at some universities, especially those with prominent public policy programs or affiliations with any of the research institutes involved in EHAP. The material was an important basis of facts to be supplied to HUD for use in yearly appropriations hearing on the Hill. Finally, the reports constituted, along with the equivalent reports from the Supply and Administrative Agency Experiments, the basis of the annual reports of the overall EHAP effort, which HUD drafted for circulation in policy, academic and political circles. That circulation helped keep EHAP visible within policy circles and supported by congressional appropriations. In issuing all these annual reports, researchers faced the added challenge of translating the technical language of most EHAP procedures into policy analysis that was interpreted in an ever-changing policy atmosphere. The *First Annual Report*, for example, was focused on using early results to highlight the potential findings of the Demand Experiment, but was framed by an introduction that justified the experiment using President Nixon's "Housing Message" of September 19, 1973. The report, published in March 1974, was thus reinventing the experimental rationale, pushing justification away from the urban crisis and social disorder which had been the initial impetus for the experiment. Instead, tied to Nixon's interest in Direct Cash Assistance, the *First Annual Report* advanced a Nixonian rationale for the experiment, still citing "freedom of choice" but adding "using existing (less expensive) housing stock," "avoidance of sharp income cutoffs which stifle initiative," and "reduction in direct governmental involvement" as rationales, while standing silent on previous aims of desegregation and improvement of deteriorating housing stock. Freedom of choice remained, but to it had been added the need to avoid "stifling initiative," as veiled reference to the controversial notion that the poor would not work if government assistance created a financial incentive to remain unemployed.[39] Rhetorically, the shift was a subtle one, but as these rationales that emphasized economic trade-offs emerged and gained traction, the political ground underneath the allowance concept shifted.

Demand Experiment researchers, as well as the policymakers and researchers of EHAP more broadly, had a vested interest in establishing the continued political relevance of their work during the first years of the experiment. During 1973, they sought an additional round of budget authorization from Congress so that the initial 2-year term could be extended to fit the 10-year project that was by then envisioned. To that end, the *First Annual Report* connected EHAP research to the President's Message in detail, identifying eight policy questions about market-based housing that the Message raised and suggesting how the Demand Experiment in particular would address four of them. To be addressed were: how allowances would work with existing transfer programs, what percentage of income a family should be expected to contribute to housing, what considerations should be made for variation in family composition, and whether

[39] Abt Associates, *First Annual Report of the Demand Experiment*, p. 4.

there was a "need for requiring families to spend a certain amount on housing."[40] Securing the longer-term authorization for EHAP contributed significantly to HUD's effort to stabilize and promote its role in social science research.

When Nixon was forced to resign in August 1974, the need for a direct tie to his policies evaporated, and with that change in power, the connection to the Housing Message was removed from an otherwise similar, and in some passages identical, introduction to the *Second Annual Report*. As funding became more long-term and the enrollment of participants promised payments began, such immediate political justifications became less necessary in subsequent yearly reports. Still, intervention by the OMB or GAO, as well as challenges to the program in Congressional hearings remained possible (and did occur, as Chapter Five will discuss). Accordingly, the annual reports remained crucial in supplying HUD with information about both progress and emerging findings that justified the program's continuation.

The technical reports of the Demand Experiment played a very different role. The products of analysis conducted after the field experiment was finished, most were not published until 1980, although some "working paper" versions were available a few years earlier. While the annual reports were mainly used to court a political audience, the technical reports featured a level of detail unsuited to those audiences. Technical reports included statistical formulas used to assess the significance of variables in outcomes and appendices that parsed the "validity and reliability" of the statistical models or analyses atypical subsets of data in detail. They might address minute gradations between treatment cells including those included solely as experimental "checks" rather than as policy possibilities. Some topics of these reports included: "Locational Choice," "Minimum Standards [for housing quality]," "Housing Deprivation

[40] Ibid.

[among participants]," "Subjective Assessment of Neighborhoods [by participants]," "Housing Improvements in HADE," "Income Reporting and Verification," "Racial and Ethnic Concentration" and "Search Behavior of Black Households in HADE."[41] The topics of these technical reports, taken together, suggest the major issues HUD wanted addressed in HADE. They also reflect a particular emphasis within the research on questions related to race.

The technical reports are long and detailed, and their mass suggests the technical challenge posed by the experiment. Often, the reports span hundreds of pages, with equally long appendices. In these pages, researchers not only presented findings and methods, but also discussed an array of obstacles to analysis. In the late 1970s, the production of such analysis required enormous and specialized computing power in order to overcome a computational obstacle. The Demand Experiment data was initially processed on a punch card utilizing a daisy chain of mainframe computers. Abt Associates described the system they developed as an "IBM 360/370 configuration composed of IBM 360/85 supported by an IBM 370/168" in which, "all program development is accomplished through low-speed terminals coupled to the system via standard telephone instruments." The computers used an early programming language called Mark IV. For each report, a new "data base" containing only the relevant values had to be

[41] Daniel Weinberg and et al., *Locational Choice in Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1977); Helen E Blakeman, Carol Ann Dalto, and Charles S White, *Minimum Standards Requirements in the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1980); David W Budding, *Housing Deprivation Among Enrollees in the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1980); David Napior et al., *Subjective Assessment of Neighborhoods in the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1980); Sally R Merrill and Catherine A Joseph, *Housing Improvements and Upgrading in the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1980); David Hoaglin and Catherine Joseph, *Income Reporting and Verification in the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1980); Reilly Atkinson, William Hamilton, and Dowell Meyers, *Economic and Racial Ethnic Concentration in the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1980); Vidal, *The Search Behavior of Black Households in Pittsburgh in the Housing Allowance Demand Experiment*.

created from all the existing data from the program, as the computers could not store and analyze the full data set. The set up did, however, allow for data analysis "from simple frequency distribution to regressions and analysis of variance" to be conducted at Abt Associates headquarters in Cambridge using the data collected in the field.[42] These machines represented an enormous capital investment for Abt Associates, and were at the leading edge of computing technology. Without the latest technology in processing, the timeline for analysis of HADE data would have extended additional years, driving a further wedge between the findings and the political environment into which they would be released.

Even with this cutting edge technology, other factors could limit the range of analysis that could be done on the HADE data. The technical report on locational choice, for example, showcases how researcher's assumptions about probable outcomes shaped the plan for data collection. While the research plans were based on what researchers felt was common sense, common sense sometimes thus prevented analysis of some unexpected results. For example, the policy idea leading to HADE, as with EHAP overall, anticipated that great numbers of the participants in the program would move. This hypothesis shaped the plan for data gathering. When it became clear that the program effect would actually be small, researchers would have liked to better understand why that was the case, but the survey interviews were not designed to collect the relevant data. The series of interviews that assessed moving patterns and practices or "locational choice" in the experimental parlance, were not oriented toward moving and not staying in place, and that fact limited the experiments usefulness and ability to interpret findings. The technical report reflects these issues, noting that it was not possible to determine from the data the extent to which participation alleviated financial obstacles to moving because only

[42] Abt Associates, *Second Annual Report of the Demand Experiment*, pp. 154–155.

experimental households had been directly asked about the impact of financial difficulty on moving. Control households who were interviewed about (non-incentivized) moves and contemplated moves did not answer a direct question about financial difficulty at all, making it difficult establish an “treatment effect,” that is, whether the allowance payment helped households overcome the financial obstacles to moving or not. That would prove a critical question in subsequent market-based housing programs.

A similar issue arose in analyzing the high rate of “not searching” that is, not trying to move in order to increase or secure the allowance payment.[43] Since relatively few (50%) of households considered moving (“searched”) and fewer still (25%) moved successfully, the researchers realized sought to analyze what distinguished searchers from non-searchers. While the interview design called for non-searchers to be asked why they did not search, no parallel question inquired about why searchers looked to move, and so the distinction in motivation for search could only be investigated indirectly by comparing, for example, satisfaction rates between searchers and non-searchers. These kinds complexities did not, however, translate easily into the summary reports intended for broader audiences.[44]

Search Behavior of Black Households in HADE

Race, and racially disparate outcomes, were a critical category in EHAP, and in HADE. So powerful that it was silenced in the participant interview, race came to have an outsize place in the analysis of HADE. This section analyzes one such analysis of race in one of the technical

[43] Households in the Percent of Rent plans received a “discount” of a fixed percentage, so in order to maximize the housing bargain, they would have to move into more expensive housing. Other households in the “minimum standards” groups of the Housing Gap plan could move in order to secure the full payment made to households meeting the standards.

[44] Weinberg and et al., *Locational Choice in Housing Allowance Demand Experiment*, pp. 20–23.

reports, *Search Behavior among Black Households in HADE*, in detail. It does so for a number of reasons. First, the nature of the technical reports made them unlikely to be examined in full, and more likely to be excerpted, so excavating one of them deepens understandings of the EHAP as a social scientific enterprise. Second, in its articulated focus on black households' search behavior, *Search Behavior* explicitly examined the role of the participants in determining where they lived once provided choice on the market. That focus demonstrates a link between market-based assistance and the "personal responsibility" ethos that President William Clinton enshrined in the welfare (Personal Responsibility and Work Opportunity Act) reforms of 1996 that began in this earlier period. Part of the meaning of personal responsibility in these initiatives was to emphasize the individual behavior as an explanation for outcomes in a variety of markets that would have been unacceptable and potentially illegal if they were viewed as the product of *de jure* segregation, discrimination, or structural inequality.[45] Finally, the report offers a chance at deeper examination of the statistical analyses conducted in HADE, which were crucial to authorizing the broader EHAP enterprise.

The most notable feature of the *Search Behavior* study is that it assumed the outset that black households played a role in creating segregation. As noted urban planning scholar Avis Vidal, then a graduate student working on EHAP, explained at the time, the study examined "the way in which the process of searching for housing helped to maintain the existing pattern of racially segregated housing in Allegheny County. Particular attention is paid to the extent to

[45] Frances Fox Piven and Richard A Cloward, *Regulating the Poor: the Functions of Public Welfare* (New York: Pantheon Books, 1971). For an examination of the role of race in the most recent of such efforts, including the 1996 Clinton reform, see Joe Soss, Richard C Fording, and Sanford Schram, *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Race* (Chicago: University of Chicago Press, 2011).

which black households restricted their search for housing to black areas."[46] This is in many ways a point of departure from common assumptions about segregation. This construction of the question under study suggests that black households to had a significant degree of agency in determining the location of their housing. Thus, it suggests that segregation is co-produced by black and white actors. In some respects, that assertion carried to its logical end the individualism on which the experiment was predicated, but on the other hand, it placed little weight on the impact of historic practices like redlining and racially restrictive covenants. If an allowance payment provides choice as a benefit, and personal responsibility for ones housing is a further consequence, than in this system individuals, rather than governments, determine the contours of the housing market. The report elided the other factors that gave rise to and maintained segregation. The connection between experimental design, data analysis, and subsequent policy framing is evident—black search behavior is something which data and analysis must be used to understand, while the other contributors to segregation in Pittsburgh are not analyzed. Partially, this is the result of the experimental design, in which HADE assigned primacy to "household behavior" while other market actors might emerge more prominently in other EHAP aspect. Landlords or "suppliers" were explicitly excluded from the design. However, in no other EHAP aspect would they be thus analyzed, as the "Supply" element of the experiment focused on aggregate prices and sought to understand suppliers mainly at that level rather than via detailed quantitative or statistical analysis of their "behavior."

Another limitation of this framing emerges from what can only be seen as assumption or commonsense about addressing segregation. No parallel analysis of white household search behavior was conducted, other than as the group to which black household search behavior is

[46] Vidal, *The Search Behavior of Black Households in Pittsburgh in the Housing Allowance Demand Experiment*, p. i.

compared. The ways in which white household search behavior contributed to, or maintained, segregation was never discussed, nor their propensity for searching only in their own neighborhoods scrutinized. The possibility of desegregation via white household relocation is never considered. This understanding of desegregation, which has been called the "one-way" model still predominates among policy interventions and, indeed, is used to quantify and compare degrees of segregation among households.[47] In making the behavior of black households the sole unit of analysis, researchers foreclosed investigation into what might be called the "coproduction" of segregation or the historical factors to which searchers responded. The loss of the ability to analyze coproduction was a seemingly unintended consequence of two factors. One was the effort to make the experimental design reflect economic science by studying supply and demand separately. The other was an implicit understanding that black households would bear the responsibility for making desegregating moves as well as for counteracting or addressing discrimination on the market as part of the "choice" that allowance provided. White households in the program would not, by contrast, find their search behavior scrutinized in order to understand why they did not move into integrated neighborhoods.

Despite the limits of these premises, the report on search behavior yielded interesting findings. For example, black and white households used public "formal" sources of housing information, such as real estate agents, vacancy signs and newspaper advertisements, as well as informal sources of information, such as their personal networks, with roughly the same frequency. However, they did not use them identically or to the same effect. Black households used real estate agents and searching for vacancy signs significantly more often than white

[47] Lois M. Quinn and John Pawasarat ,"Racial Integration in Urban America: A Block Level Analysis of African American and White Housing Patterns" http://www4.uwm.edu/eti/integration/integration.htm, accessed March 19, 2012.

households. And while both black and white households were found to use personal networks, the networks of black households less frequently yielded dividends in the form of a unit into which the searchers moved. 44% of white households in the sample who used their personal networks to search found their new unit that way, compared to just 28% of black households. Furthermore, the networks of black households likewise less frequently generated “windfall” units that required little active search, as when a friend connects searcher to a landlord with a vacancy directly.

In sum, all of this meant that black households used the same tools on the market as white families, but still had unequal outcomes predominantly because their personal contacts were less likely to yield a housing opportunity, and thus formal sources were more important but also less effective. Vidal argued, “It is unlikely that this disadvantage [less effective personal networks] can be directly overcome through public action. It is therefore of special policy importance to black families to consider action such as monitoring rental agents to ensure that black searchers have equal access to the housing information that flows through market-specific channels.” Vidal goes on to emphasize the important distinction between rental and purchase markets, noting that comparatively small role for agents in the overall rental market makes them a “more difficult to influence” with general programs, and that in order to help black renters programs might have to be highly focused on the relevant leasing agents and building owners.[48] The analysis does not explore, and indeed dismisses the possibility that personal networks of black renters could be improved (for example, by distributing housing information to churches or other centers of community). It does, however, offer data that might have been used to undermine subsequent assertions that black households needed special training or counseling efforts directed at them in

[48] Vidal, *The Search Behavior of Black Households in Pittsburgh in the Housing Allowance Demand Experiment*, pp. 31–35.

order to function on the market. Vidal's evidence about search skills, at least, did fit that argument.

From this point, the analysis investigated whether using a particular source of housing information was associated with searching in or moving to a neighborhood of a particular racial concentration. However, sample size emerged as a problem as it had in other aspects of HADE. Vidal could assert from the data that information source did not seem to shape where participants searched, nor did certain information sources coincide with experiencing discrimination during housing search. Segregation, however, would be perpetuated by where households actually moved to and lived, not by searches, and here Vidal confronted a major limitation of the data collection. There were not enough moving households to draw some sought-after conclusions. Out of all the participants in the Pittsburgh HADE, only forty-five black mover households could be included in a sample to analyze "racial composition of destination neighborhood for black movers by source used to locate dwellings." As a result, the groups using various sources of information ranged from three to twenty-five, and a shift of just one or two of them from one of the four types of neighborhood by racial composition would have significantly altered the "apparent patterns for the different information sources."[49] The loss of this analysis, and Vidal's discussion of it, reinforces the emphasis of the report not simply on the success or failure of black households on the market, but on the impact of their market behavior on policy goals. It is apparent that allowances were conceived of as something other than a straightforward market equalizer, and arguably something more than simply a way for HUD to avoid siting battles over public housing.

[49] Ibid., pp. 40–41.

Allowances were always about shifting responsibility to the household, but ostensibly only individual responsibility for one's own housing. However, it is plain in this report, at least, that the allowance approach might facilitate a shift of responsibility for policy and social outcomes onto individuals as well, and not equally onto all allowance holders. Rather, the policy aim of desegregation is made the particular burden of black households who are to be encouraged to abandon their neighborhoods, to model themselves on whites fleeing the cities and find their "residential opportunities outside black neighborhoods."[50] This was not the program that Ira Lowry had envisioned, in which both individual choice and neighborhood stabilization could be outcomes, and it was not one in which all participants would become instruments of integration. White households were not to be such instruments in this one-way approach. Instead, "choice" by black households could authorize segregation's continuation.

In addition to uncovering sources of housing information important to search, researchers recognized that racial discrimination might be a significant obstacle to individual mobility. Thus framed, Vidal's study found that like information sources, the experiencing discrimination was not determinative of search/move outcomes. Black households encountered more discrimination (on racial and other bases) than white households, but the impact of the higher rate of discrimination was difficult to assess because the sample was small. Just seventeen black households who did move during the experiment reported searching in an all white neighborhood. Of those who searched (but did not necessarily move), thirty-three black households looked in a white neighborhood with no groups of black households, and 43% of them reported discrimination. However, the searchers reporting discrimination were more than twice as likely to move to such a neighborhood than those who did not. With a caveat noting the

[50] Ibid., p. 45.

small sample, the researchers combined this evidence with data about the distribution of search effort by racial composition of the neighborhood to infer that "the principal factor producing a pattern of minority concentration in housing generally chosen by black movers" was that searchers focused on areas that already had at least some groupings of black households.[51] While they looked in many kinds of neighborhoods, they looked in neighborhoods with existing black populations more intensively and thus moved there with greater frequency.

No parallel investigation of white search was undertaken, again reflecting the assumption or commonsense notion that black rather than white households would do the moving necessary to accomplish desegregation. Like the assumption itself, the reasons for it are unstated, although not all desegregation was imagined to proceed by this principle. The NAACP, for example, advocated and in many cases saw implemented two-way desegregation of schools via busing. Housing desegregation, however, particularly as envisioned in HUD-controlled programs, has emphasized the one-way model even when reframing segregation as "concentration" and targeting socioeconomic status rather than race directly.[52]

The report's investigation of black searchers' experiences with discrimination reveals how the questions asked by researchers limited the potential scope of the answers the research provided. Vidal's report directly examined the role of discrimination in shaping housing search. In general, HADE data found less evidence of racial discrimination than anticipated. Researchers were concerned that using interview data was inaccurately representing the prevalence of discrimination because many studies suggested that racial discrimination was both under-perceived and/or might be "masked." Masking was the term they used to describe attributing

[51] Ibid., pp. 20–23.

[52] The intent is clear in the name of the HUD program subsequent to EHAP that pursued deconcentration of low-income/ high-minority neighborhoods, called "Moving to Opportunity."

refusal to rent to a household characteristic other than race, when in fact race was cause. Since mobility among participants was far lower than expected, Abt researchers were highly interested in assessing if there was a causal relationship between mobility and “masked” discrimination. The raw data indicated that, indeed, black households experienced more discrimination than white ones. In particular, 42 percent of black households reported discrimination due to source of income, while just 27% of whites did. Chi-square analysis established that the difference was statistically significant, but it could not determine whether the difference “simply indicate[d] that minority households possess more of the characteristics (other than race/ethnicity) that precipitate discriminatory behavior” or if in fact housing suppliers were masking racial with income discrimination.

To test the masking hypothesis, the researchers analyzed the subset of households, black and white, that reported income-based discrimination. If white and black households, controlling for income source, reported equal levels of income discrimination, then the hypothesis that black households had “more characteristic associated with discrimination” would be supported, while if black households still had higher levels of income discrimination, the masking hypothesis would be supported. Vidal found that the rates were in fact exactly equal, 43% of both white (sample size of 208) and black (sample of 70) households receiving welfare reported income discrimination. The conclusion of the report, then, is that “when only-welfare-dependent households are considered, the black-white difference disappears in Pittsburgh…” and “In general, there is little evidence to suggest that any particular form of discrimination was consistently used to mask discrimination on the basis of race/ethnicity.”[53]

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[53] Vidal, *The Search Behavior of Black Households in Pittsburgh in the Housing Allowance Demand Experiment*, p. A–47.

However, some significant questions remain unanswered. Technically speaking, the examination of rates of income discrimination controlling for income source does not provide any support for the "more characteristics" hypothesis. The "more characteristics" hypothesis is never directly analyzed in the report; no table shows the rate of discriminatory characteristic prevalence in the sample by race. The report never actually determines whether or not the black families in the sample have more discrimination-associated characteristics, but adopts this hypothesis, one that reflected commonsense so well that it eclipsed the need for statistical support. However, one can develop a third hypothesis about this data, which is that suppliers discriminated against non-welfare black households according to their source of income more frequently than non-welfare white households, and that the difference in income discrimination arises among that population. This possibility could also account for the difference in income discrimination, but is never explored, highlighting the explanatory power of the first hypothesis' resonance with common perception that black households have more of the characteristics against which landlords wish to discriminate irrespective of whether or not that perception reflected the statistical reality of this particular sample. The issue of underreporting in data based on self-reporting of discrimination was also uninvestigated, although Vidal acknowledged other research indicated problems with self-reporting.

The fact that these avenues of analysis went unexplored helps to explain why the process of policy analysis is so difficult as well as why even social experiments with formal controls and careful efforts to limit the uncontrolled variables faced extraordinary pressures on their "experimental laboratory" and subsequent analysis. It also suggests how, as analyses were distilled into reports, and those reports narrowed into executive summaries, much of the statistical nuance and scientific rigor that gave the EHAP experiments their scientific gravitas was lost, and illustrates a curious tendency for what policymakers already believe to emerge in findings. Only the broadest and clearest of EHAP and HADE findings were likely to inform policy decisions. While the social significance of Vidal's finding earned them a place among those results, the subtleties were frequently lost. Chapter Five will discuss, the broadly available versions of these policy relevant assertions sometimes deviated from or mischaracterized the data on which they were based.

Conclusion

Befitting HADE's position as the "design center" of EHAP, examining its development, planning, implementation, and analyses suggests, if it does not fully reveal, some of the strengths and weaknesses characteristic of EHAP. The Demand Element and its scientific method, complete with control groups, conferred EHAP with a status that no other element could, and that status as an "experiment," not simply a demonstration, both protected the project as a whole and made it vulnerable. The protection came in the form of the hope of incontrovertible answers, a hope that persuaded fickle members of Congress as well as a variety of government oversight bureaucracies to fund and/or support EHAP when, on more than one occasion, the whole program risked being shut down. The vulnerability came from protocols, based on seemingly reasonable assumptions that were followed through so closely that the potential for analysis was lost when behavior deviated from assumption, as with the sample sizes needed to better understand the role of race in household behavior.

The varying degrees of rigor in the scientific method among the three EHAP elements also had implications, it will become clear, for the kinds of questions that each element could raise. HADE, in its formal testing of hypotheses, foreclosed avenues of inquiry that might have yielded meaningful data, but also assured secured an additional measure of confidence in its findings. The persuasive strength of that measure of confidence, the coming chapters reveal, sometimes eluded the other experimental elements. HADE's strengths in one light thus sometimes appeared from another angle as weaknesses. In the Supply and Administrative Agency Experiments, different experimental protocols would lead to different consequences, but always the question of the veracity of the results and the scientific rigor of the methods used were in play as their findings were evaluated. As Chapter Four will discuss, for example, the AAE used a method so open ended that many of its findings were dismissed out of hand by analysts and policymakers seeking assurance in the form of quantitative data and carefully proscribed controlled variations in experimental groups. Here again, the strength and the weakness of the design were conjoined.

Beyond strength and weakness, however, executing the demand test illustrates that EHAP was not, and could not be, an experiment conducted in what Abt Associates envisioned as the "experimental laboratory." The social scientific experiment, no matter how carefully planned with gradients of treatment cells and control groups, would be continuously shaped and reshaped by the socio-political environment(s) in which it was conducted. Environmental influences ranged from the necessity of securing ongoing funding through tying the program to the policy initiative of the moment to the evolving assumptions of policy elites and American communities about what desegregation meant and who should take responsibility for those policy objectives. The collision of carefully crafted experimental protocols with policy and political realities makes HADE, and in different ways each of the other aspects of EHAP, an unusual and powerful tool for illuminating and analyzing the protocol, the policy, and the politics. Thus, with an understanding of the details and mechanics of the "design center" Demand element in mind, the next two chapters excavate the protocols, policy, and politics that shaped the Supply and Administrative Agency Experiments of EHAP.

Chapter 3

Allowances in a Market-wide Test:

The Supply Experiment

Introduction

This chapter traces the Housing Assistance Supply Experiment (HASE or the Supply Experiment), which took place in two sites in the upper Midwest—Green Bay, Wisconsin and surrounding Brown County and in South Bend, Indiana and surrounding St. Joseph's County. The HASE, which was by far the largest part of the Experimental Housing Allowance Program (EHAP) was designed as a full-scale, open enrollment test of a market-based housing allowance program, in which all income eligible households could receive an allowance payment as long as their housing met specific standards for related to safety, sanitation and capacity. The chapter begins with the first negotiations between HUD and RAND Corporation in 1971, continues through negotiations with the cities selected to participate, and then examines the subsequent execution of the experiment and associated data collection. That execution encompassed five years of community and participant outreach campaigns, participant enrollment, RAND monitoring, and data collection via thousand of surveys with nearly 100 questions each. This chapter is about how these elements of the Supply element were designed and implemented and what was done in the two experimental sites over the more the five-year course of RAND's research. It is also about how about those American communities responded to the presence of this massive social scientific undertaking. The chapter also examines what kinds of data were collected and why. In examining these events, this chapter treats the experiment as a text about how American society negotiated the changed social and racial order created by the social movements of the previous two decades and the associated federal legislation, in particular the

Civil Rights Acts of 1964 and 1968.[1] The use of the HASE data in later policy is one of the foci of the final chapter of this dissertation. All of this data was analyzed using complex and at the time even path-breaking quantitative methods. As is the case throughout this dissertation, the accuracy and appropriateness of those methods for analyzing the data are not examined except where it was debated by the executors of the HASE and/or by those who monitored it from outside HUD and RAND Corporation. An independent examination of the methods and the original data would doubtless reveal new insights, but that project is beyond the scope of this historical endeavor.

The major forces in the Supply element were HUD officials and researchers at the RAND Corporation. In the 1970's, the major contractor for the market-wide or "supply" test, RAND Corporation, was expanding its government consulting and contracting from work related to defense after World War II and into social science analysis for policymakers at the federal and local levels. RAND's "rational" model of systems analysis, originally a tool of the Cold War developed for the U.S. Air Force, was successfully marketed as a useful tool for urban planning. In addition to this mode of analysis, RAND brought to bear a capacity for data processing that exceeded that of many other government contractors during the early days of computerized data processing on a massive scale. As a result, RAND won a number of government contracts with civil federal departments, an expanded base of support that diversified the think tank's base of funding as the Vietnam and the Cold Wars dwindled. At RAND, the head of the Supply Experiment, its dominant shaper, and leading voice was Ira Lowry. Ira Lowry's work on housing problems in New York was an early source of evidence supporting an allowance approach. As

[1] The 1964 Civil Rights Act outlawed racial discrimination in schools, employment, and public facilities. Title VIII of the 1968 Civil Rights Act, often called the Fair Housing Act, outlawed racial discrimination in housing. Gender was not added to Title VIII until 1974, after the start of the Supply Experiment, but the provision was incorporated into the experiment's execution.

discussed in the previous chapter, Lowry's support was important to Congress's decision to mandate the allowance experiment, and he oversaw the design and execution of the market test for RAND from their corporate headquarters in Santa Monica, California while frequently travelling to the field sites in support of the research effort.

At HUD, the Supply Experiment was supervised directly by Jerry Fitts, Director of the Division of Housing Assistance Research. Charles Orlebeke, who left an earlier role at HUD in 1972 for an academic appointment, returned to the Department in 1975 to serve as the Assistant Secretary for Policy Development and Research. In addition to overseeing the research contract with RAND, he played and important role in HUD's relationship with housing advocacy organizations, Congress, and the public as pertained to EHAP and other elements of HUD's research program. At the top, the Supply Experiment research spanned the careers of three Secretaries of Housing and Urban Development. Subsequent to Secretary George Romney's departure in 1973, James T. Lynn was the Secretary of HUD. He served until 1975 when Carla Hills, the first female HUD secretary, came from the Department of Justice to replace Lynn under President Gerald Ford. Hills served until 1977 and then went on to a career in public service, including a leading role in the negotiations of the North American Free Trade Agreement. These Secretaries of HUD, on a day-to-day basis, generally devoted little attention to EHAP except in moments when direct cash assistance became a preferred policy option in the eyes of the President or when, in moments of crisis, EHAP on the precipice of significant negative publicity or political repercussions. The greatest of these moments are discussed in the final chapters examination of EHAP impact on policy.

In the field, additional forces contributed to the shape of the experiment controlled by HUD and RAND. Survey taking was a major undertaking in the Supply Experiment that called for interviewing several thousand subjects on a yearly basis. The initial survey work was performed by subcontractors Westat, Inc. and Mathematica, Inc., and a locally-hired staff of interviewers whose varying skill, training and discretion in record responses would determine what data existed and how accurate it was. Local officials played a decisive role in the experiment, determining where it could and could not be tried. As will be discussed, local officials prevented HUD and RAND from placing the experiment in the sites that they initially favored. Metropolitan newspaper writers and editors also had an important role to play, and their work was both proactively shaped and extensively monitored by the experiment's implementers. All of these groups have left their mark in the sources used for this chapter to some degree, but comprise only a tiny minority of those who shaped the HASE in the field. Organized community groups and housing advocates including ethnic clubs and national advocacy groups like the National Association for the Advancement of Colored People were a final important group of stakeholders, particularly in South Bend. The NAACP's interest in the supply test formed an important check on the federal bureaucrats and the interactions between the NAACP and HUD highlight the complicated racial and social climate in which the experiment operated, as well as the real limits of HUD's willingness to seek housing desegregation in the 1970s.

Of course, the residents of South Bend and Green Bay, whether they enrolled in the program or not, were the most numerous stakeholders in the supply test. Their voices are largely absent from existing records about experiment. While survey results convey something about them, they participated confidentially, and thus their views can only be culled indirectly. They persist in the aggregated, quantitative survey results, the occasional case study written by RAND's onsite observer, charged with making qualitative observations, and in a single advertisement featuring an elderly white widow unembarrassed to show her face as the face of the allowance program.[2] That their views and voices are not accessible is a significant indication of the perspective offered by the Supply element; it focused not on people, but on markets.

Using an allowance program to generate market effects meant that the HASE had to related but different parts, an allowance program and a research program. The allowance program enrolled and monitored participants; the research program collected data and studied the housing market. Ultimately, the design of the HASE allowance program that RAND developed and HUD approved was in some respects true to the vision of allowances as imagined by the Kaiser and Douglas commissions and by housing allowance advocates when they first called for allowances to be tried in 1968. Payments were to be made directly to any income eligible household living in housing that met all the required housing standards, and the household would bear all of the responsibility for finding such housing. Allowance recipients would be free to choose any housing, including the housing in which they already lived, so long as it met, or was repaired in order to meet, the housing standards set by program administrators. If the household moved, the allowance could come with them.

However, in the Supply Experiment, these households were not the primary units of observation for the research program. Rather, the entire housing market in which the allowance program was executed was the focus of the research, and accordingly the focus of data collection. In order to collect that data, two subcontractors, Mathematica, Inc. and Westat, Inc., created a massive program of surveys. These surveys included interviews with participants and non-participants, physical surveys of residential buildings and units, and even interviews of the mortgage providers, home improvement contractors, lenders, and marker intermediaries whose

[2] HASE Advertisement, Jan. 2, 1977, *South Bend Tribune* compiled in Wim Wiewel and Nancy O'Nell, *Monitoring the Housing Allowance Program in St. Joseph County, Indiana : January - March 1977* (Santa Monica: RAND Corp., 1981), p. 49.

market decisions might be impacted by the experiment. In order to assess changes in the supply response over time, a staff of dozens, hired locally and painstakingly trained in the desired interview technique, completed these surveys annually for the five years of the experiment. They produced the majority of the data analyzed in the HASE.

A close examination of this full-scale, market wide test not only reveals the enormous technical and design challenges faced by RAND Corporation and HUD as they sought to conduct the largest social experiment ever undertaken, but also the ways in which articulated and unarticulated ideologies about race, class and gender infused the bureaucracy created to execute the experiment. More often than not, these ideologies pushed the experiment further and further away from the purity of a scientific test in the “experimental laboratory” that supporters and opponents of that allowance program mutually imagined would provide unambiguous answers. The impact allowances would have on communities, neighborhoods, and the low-income dispossessed whose lives and living places became the sites of so much political deliberation over the origins of urban social disruptions and hopes for a solution would be clear. In charting this divergence, the intent of the chapter is to begin to suggest the way in which, without overt acts of racism, sexism or other discrimination, race, class, and gender overdetermined not what results the experiment would find, but what it was the experiment would study and how it would be studied. While this chapter cannot synthesize all of the more than 300 manuals, design plans and result reports generated by RAND and HUD over the course of the experiment, the chapter uses many of those to reports to create a narrative of the experimental process and an analysis of that process’ social and racial contours.

Hopes and Fears: Major Questions and Concerns in the Supply Experiment

In comparison to rest of EHAP, the Supply element or HASE, was the largest and in political terms most risky of the three-part experiment that the Research, Development and Technology division of HUD devised in consultation with the Urban Institute, RAND Corporation and Abt Associates. In the two chosen sites for HASE, a full scale, market-wide open enrollment allowance program would operate for ten years. Several thousand income qualified households at each site would receive direct monthly payments in exchange for living in housing that met the programs safety and quality standards. All who qualified would be issued payments. Researchers estimated that perhaps 15 percent of households at each site would enroll. The program was operated at each site by a non-profit called the Housing Allowance Office. The office had a local staff, but was set up by the HUD's subcontractor, RAND, and run separately from all other housing programs in the area. For the first five of years of the program, RAND collected the data to be used in the EHAP analysis, empirical data about what impact the allowances were having on the communities and the local housing markets. Over the subsequent five years, the program would not be monitored by researchers, but participants could continue to enroll and received payments. These additional non-research years were viewed as necessary so that households and housing providers would make long-term decisions in the market. This focus not on the households receiving allowances, but on the community and the response of the housing market, gave rise to the name of the experiment—the Supply Experiment focused on how the supply of housing in the market would be impacted by an allowance program. Relevant data had to come from suppliers of housing, including landlords, builders, mortgage providers and home repair contractors and lenders.

In terms of both policy and politics, the supply element intended to resolve the most important question surrounding the allowance approach: would allowances generate inflation and if so, how much? The addition of recipients' allowance money to the housing market might be sufficient to push prices up, especially if suppliers did not respond to the increased demand by bringing more standard housing into the market. Supporters and detractors alike viewed inflation as the Achilles' heel of any free market housing subsidy program, an outcome that would kill the program. Detractors and even supporters of the allowance concept widely assumed that inflation was inevitable unless the program was rolled out slowly or there was a significant excess of supply, termed a high vacancy rate. Going into the Supply Experiment, the policy question was not if allowances were inflationary but to what degree and for how long. Advocates and EHAP supporters including even the Secretary of HUD James Lynn acknowledged as much. Lynn publicly called "healthy" vacancy rates the "sin qua non of making [housing allowance programs] work."[3] But even when the vacancy rate was seen as "healthy" politicians and researchers feared that the roll out of the program might create intolerable levels of inflation and generally argued for a phasing in of any nationwide allowance program. Accordingly, the test of allowances at full scale, in places with large enough eligible populations that inflation might occur, and with immediate open enrollment rather than a phase-in, was the riskiest element of the allowance experiment.

Inflation was not the only risk that faced the full-scale test of allowances. The anticipated risks of the market-wide test also included: inability to find sites willing to accept the experiment, community rejection of the program or its participants despite formal approval by elected representatives such as a city council, and a mass refusal by households, landlords or participants to participate in the surveys that would provide RAND market data for its analysis. Even beyond the sites themselves, the mere visibility of the program represented a risk at a time

[3] "A Better Way to Fight Blight," *The Nation's Business*, 62, no. 2 (February 1974) p. 62.

when HUD programs were widely associated with fraud by clients, contractors, and government officials. For allowances to emerge as a palatable alternative, HUD and its contractors knew that the allowances had to avoid being seen in the same light as these unpopular programs.

Despite these risks, the supply experiment's large scale also made it vital to EHAP overall. HASE was the only part of EHAP where some of the broader, neighborhood and community level benefits of the allowance approach might be evident. For example, if housing allowances at full enrollment forestalled suburban outmigration and the resulting deterioration of center city neighborhoods, only in the supply experiment could a large enough segment of the population participate to make that change evident. The market-wide supply element would also provide better data than the other two elements about whether allowances generated "racial mobility" or "housing choice" that decreased the "concentration" of poverty in urban city centers. The term for this was "deconcentration," a frequent term in poverty policy that conveys a sense of the clinical and even of the diseased, focusing as it does on changing a social condition by the physical relocation of bodies. As a result, the political narrative about allowances and urban problems in general often focused on the need to "disperse" minority residents of such neighborhoods into neighborhoods where the presence of fewer black people, along with higher incomes and better housing, was presumed to foster better social cohesion. The residents were meant to serve as a model and passive support for households who were viewed as needing training in order to conform to the expectations of a suburbanizing white society. These theories did not seriously consider the efficiencies that would have been created by addressing social problems in areas where poverty and non-white families were already concentrated because such approaches, especially large scale housing projects, were perceived to have exacerbated or even created the problem. Mobility was a part of each element in EHAP, but only the supply test would suggest to HUD whether allowance recipients would face "local resistance" in non-white neighborhoods where allowance recipients became a noted presence. In an era where the white residents of some cities were violently responding to the appearance of black families on their blocks, and to the busing of their children to integrate schools, local resistance was a real fear, and one that could undermine the experiment.

The coexistence of these opposing hopes that allowances would both stabilize the center cities and provide an escape from them suggests the intractable nature of urban problems for policymakers of the period, and illustrates the experiment's appeal. Without evidence about what would happen, policymakers and pundits were free to imagine any outcome, or even two incompatible outcomes. Their hopes and apprehensions would remain unfounded unless data showed what would actually happen to neighborhoods and people who received allowance dollars. At least at the outset either stabilization or outmigration seemed acceptable to policymakers in the Federal government, as long as a public backlash was avoided. The researchers at RAND, as a matter of course, were supposed to quantify outcomes rather than deconstruct the underlying logic of a proposed solution, so they did not often weigh in on the question of stabilization or mobility. Lead RAND researcher Ira Lowry, for his part, had made his view clear previously: he thought allowances were powerful enough to do either or both things. He had come to favor the allowance approach because he thought it could stabilize center cities while creating a way out for those who wanted one.[4] Nevertheless, he maintained that if the allowance program impacted either neighborhood stability or racial concentration, the response of a true experiment would be to record such changes, but not promote one outcome over the other.

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[4] Lowry's work in support of allowances prior to the experiment, and his support for the legislation in Federal hearings, is discussed in Chapter One.

In practice, however, such were the heightened racial tensions of the era that the design could not be thoroughly neutral. RAND and HUD found it necessary to prepare to intervene in worst-case scenarios where mobility did provoke public opposition. If a chance of visible or even violent opposition arose, the researchers needed a plan of action. RAND called these preparations "contingency planning" and the planned responses "countermeasures," reflecting the institutes background in military contracting. Arguably the most blatant deviation from scientific neutrality in all of HASE of all was the term used in the contingency plans for program participants who moved to neighborhood where they were not welcome. The contingency plans refer to these families as an "invasion." Perhaps these military terms were apt, as the response to black families moving into white neighborhoods had turned violent even in seemingly placid Midwestern cities like Milwaukee, where less than five years before the experiment began in Green Bay, in 1967 and 1968, daily marches against housing segregation by the African American community faced thousands of sometimes violent counter protestors.[5] Many of these violent outbreaks were only resolved by calling in the National Guard. If the allowance program was to have a political prayer of being implemented on a non-experimental basis, these kinds of violent racial eruptions had to be avoided. And yet if the value of the approach for whole communities were to be demonstrated empirically, a strident backlash would have to be risked. Merely to plan how to deal with such opposition was risky. As Lowry described it in the contingency plans, "Public policy with respect to neighborhood invasion is by no means clear, and we articulate a stance for the Supply Experiment at our peril." The difficult task, then, was for RAND to develop a plan to deal with problem they felt uncomfortable even speaking about

[5] For a narrative description of these marches and counter protests, see "Desegregation and Civil Rights - Wisconsin Historical Society", n.d., http://www.wisconsinhistory.org/turningpoints/tp-049/?action=more_essay. Accessed July 8, 2011.

because of competing fears that they might anger civil right groups or white residents in an attempt to finesse the program while conforming to civil rights law.

In this environment where one policy advocate's "racial mobility" was a white homeowner's "neighborhood invasion," RAND searched out elusive neutral territory. Lowry described this as a position in which the field managers of the test "stand solidly behind the right of any allowance recipient to move to the neighborhood of his choice…[while] at the same time, we should seek ways to forestall the wholesale turnover of neighborhood populations." To that end, the contingency plan he authored called for an early warning system to indicate such a turnover might be imminent. The first part of the early response system was quantitative, merely keeping an eye on the project's data about how many households were moving out of their own neighborhoods. If allowance recipients reached five percent of the population in a new neighborhood, this early warning would prompt RAND to consider countermeasures. In order to quantify the percentage in a way that would have meaning with respect to the reaction of white residents, RAND had to delineate the neighborhoods as the whites being invaded did, and thus the "accepted" neighborhood boundaries in the community were to be used in calculating the percentage of experimental households present.[6] This, RAND hoped, would enable its researchers to forecast a residential riot and act to head it off.

If the five-percent line was crossed, Lowry proposed both analytical and active responses. The first thing to do was to analyze experimental data about the recipient movers "and compare their characteristics with those of the resident population, in order to judge the likelihood of friction." Knowing that the chances of a neighborhood invasion leading to white riots could not be readily computed using a set of IBM cards, Lowry also called for a qualitative approach to be

[6] Lowry, *Contingency Planning*, pp. 26–27.

used determining what countermeasures to deploy. To this end, Lowry proposed that the onsite observers of the project, called site monitors, be assigned "the special task of discreetly scouting the neighborhood for evidence of friction, and to identify the likely leaders of organized opposition." Once the leaders were identified, the plan called for "a selection of allowance recipients to be quietly assembled" to talk with the opposition, with the clear intent of humanizing the invasion in the eyes of resident leaders. At this point, "the prospects of further invasion should be frankly assessed" by the research team. At this juncture, he also called for the site manager to make clear to existing residents that RAND had a "concern for neighborhood stability" and would not simple standby as the neighborhood turned over. Lowry imagined such a scenario evolving to the point where housing allowance staff would explain to prospective recipients that the presence of allowance recipients was threatening what he euphemistically called "neighborhood tranquility" in a particular neighborhood and that further moves to that area "would be a disservice to those already there." If the attempts at this strange gentleman's agreement strategy failed, Lowry believed the absolute furthest RAND could ethically go in proactively curtailing the invasion would be to qualify the allowance payments upfront with the caveat that allowance program management reserved the right to "immobilize" the allowance recipients in a crisis so that participants who moved couldn't bring the benefit with them. Aside from undermining the experiment, Lowry worried that this would be neither legal nor moral, because the clear intent of the action would be to preserve existing patterns of segregation, in direct contravention of the Fair Housing Act.[7] Lowry knew that this was a worst-case scenario that would destroy the experimental value of the allowance program, but nonetheless

[7] Ibid., pp. 27–31.

contemplated taking such actions in order to protect HUD, RAND, and the Federal government from bad publicity.

In these painfully contrived phrases, Lowry was no longer imagining how to navigate a path of neutrality. He is clearly placing the experimenters and policymakers, in a crisis, on the side of existing patterns of segregated housing and "tranquility" at the expense of the much lauded choice and mobility of allowance participants. If such a scenario arose, the contingency plans make it transparently obvious that allowance recipients would not be allowed true and full equality on the free market. Only in this one document does RAND refer to the program's clients as "invaders" but the potential that the clients would be so perceived suffused the project. The militarized rhetoric of this particular document places into stark relief the risk represented by undertaking all of the EHAP, but the highly visible, market-wide Supply element most of all. In the event that such a contingency arose, clients would become adversaries, invaders whose impact on stable neighborhoods was to be mitigated. That mitigation was to be accomplished by the program that had given them what Nixon called the "ability to choose" and had become the ability to invade. No one wanted the experiment to reach such a point of crisis, but the fact that Lowry laid out these steps as part of a contract with HUD indicates exactly how momentous and risky decision it was to execute the Supply Experiment.

As approaches to the twin fears of invasion and inflation make clear, RAND and HUD were in essence tasked with creating what design reviewer Henry Aaron of the Brookings Institute called "a scientifically honest experiment, but one which would satisfy policy needs."[8] Just the latter part of this task was practically impossible, since what criteria might or might not be included in any nationwide allowance program was subject to changing political winds, and

[8] RAND Corporation, *Proceedings of the General Design Review*, p. 51.

therefore the policy needs of any administration, were certain to shift repeatedly over the five-year research period of the market test. The creation of a "scientifically honest" test of the allowances was equally difficult, as the *raison deter* of the experiment predetermined that when the experiment began, policymakers wanted to show that the new housing assistance approach *could* work. Thus they would not allow researchers to undertake an experiment that they believed would show the opposite, or even one that would make ultimate implementation of allowances more difficult. But they wanted hard science and quantitative evidence to back up their policy. What RAND was tasked with, therefore, was literally the conduct of political science. It was not a task RAND took to easily, at least not in this case concerning domestic social policy. In fact, Ira Lowry said at a conference in 1974 that designing the features of the experiment brought RAND and HUD "nearly to the parting of ways."[9]

Vetting the HASE Design and Debate: The Design Review Panel

However theoretically neutral the researchers wanted to be, the structure of the field program that they designed would invariably impact the outcome of the experiment and the degree of risk that it would face in the field. The outcome had tremendous political repercussions in which HUD had a vested interest, and thus as a HUD contractor the neutrality of their social experiment faced significant constraints. In an effort meant to ensure the researchers were not seen as crafting an experiment meant merely to navigate political landmines. The endeavor to conduct rigorous quantitative and non-medical research with social policy needs in mind was a relatively new pursuit in the early 1970s. In order to put the experiment on strong footing among concerned intellectuals and academics, and as a way of improving and vetting the design among

[9] Ira Lowry, "The Housing Assistance Supply Experiment: Tensions in Design and Implementation," p. 3.

those institutions and experts more familiar with urban planning, HUD engaged a panel of experts to assess the design of the market-wide tests. For three days in June of 1973, HUD, RAND, other subcontractors and a review panel of twelve members drawn from other think tanks and several academic departments including Henry Aaron and Alice Rivlin from the Brookings Institute and Professors of Economics and Social Policy from Harvard, Princeton and Stanford debated the design of the HASE. The panelist dissected and debated the whole of the experiment's design, from technical discussions of how to correctly calculate the price elasticity of housing to debating the appropriate level of participation by local governments at the experimental site. The panel's discussions were recorded in an extraordinary document that highlights how strong the tension was between a neutral scientific design and a "demonstration" project. The review panel discussions also reveal many "common sense" tacit assumptions about race and social policy that lay silently beneath policy decisions about government programs for poor people. These were assumptions that researchers and policymakers often preferred to keep out of print and the public eye, because of both tension and uncertainty surrounding racial policies, especially desegregation, in the 1970s. Sometimes they were so tacit that perhaps the researchers were unaware of their own assumptions.

The extent of the conflict the mission to conduct a policy experiment created is evident in the process of discussion and debate through which RAND's initial program design was revised into the final design for HASE. Even before the design review panel convened, it was clear that political sensitivities would sometimes be sufficient cause for HUD to alter the experimental design before it reached the field, even if those changes made the experimental data less accurate or useful.[10] The divergent orientations of the outside review panelists towards design questions reflected this tension as well as their intellectual, if politicized, views about who the urban poor really were and whether is was more important to generate scientifically valid data about them or try out potential solutions without ruffling political feathers. For their part, RAND researchers objected to changing any design element for political reasons if the change sacrificed, in their estimation, scientific legitimacy or accuracy, or significantly limited the data needed to answer the research questions specified in their contract with HUD. This did not, however, mean that RAND always carried the day in the deliberations about design revisions. HUD officials had the final word, and both political and cost considerations prompted HUD to make several changes the limited the scientific rigor and scope of the experiment.

The structure of initial enrollment, for example, was stridently debated by the experts on the review panel and by the experimental staff at HUD and RAND. The question about enrollment was whether to open enrollment immediately to all eligible families or, alternatively, to limit the number of enrollments in a given amount of time, so that the demand for housing would increase in less dramatic fashion, and, presumably, be less likely to generate inflation since the feared "shock" of increased demand would be blunted by time. While either a staggered enrollment or immediate open enrollment might meet the standards of good science, the decision about how to proceed was inextricable from the political implications. Several panel members fundamentally argued for a demonstration approach that would cater to political implications. As panel member John Kain of Harvard of saw it, "the possible disastrous effects of fast enrollment could be great…Demonstrating that a large-scale program could be geared up [slowly] without catastrophe would probably have considerable political impact." But a staff member from one of

[10] See Chapter One for a discussion of political pressure leading to the elimination of questions about racial and religious identification from the earliest drafts of the EHAP surveys.

the subcontractors, Mathematica, Inc., argued that an intentional soft start-up might cause Congress to disregard the experimental results. Ira Lowry, RAND's lead on the endeavor, posited that while the "short-run market response [had] political implications" it was the longer term outcome that could show "the long term effectiveness of housing allowances as a tool of Federal housing policy" and that "a demonstration merely that catastrophe was avoided" was insufficient to recommend the approach.[11] In short, Lowry argued on behalf of RAND that while the political landmines could be avoided, that alone could not show the merit of an allowance approach. RAND's argument on this front ultimately carried the day, and the market-wide tests were conducted with full, open, non-staggered enrollment. HUD accepted this determination to allow a shock to the markets at a time when federal policy seemed on the cusp of embracing nationwide allowances, and full understanding of the potential inflationary impact was particularly desirable. Although no one wanted to see a catastrophe, HUD preferred that if one occurred, it would be in experiments that could be curtailed rather than in a new and prominent nationwide program run by an agency with a significantly tarnished reputation.

The incorporation of quality standards for housing was another area of significant tension between politics and experimental standards. A very old statement about housing was at the heart of the conflict about what role objective housing standards for required facilities, like running water and a working stove, and characteristics like the ratio of window space to floor space. That statement, by President Harry Truman, called for "a decent home and suitable living environment" as the right of every American. The rhetoric endures to this day as a frame for national obligations in the arena of housing. But how, or even if, an abstract notion like decency could map onto objective housing targets was not obvious to the designers of the market-wide

[11] RAND Corporation, *Proceedings of the General Design Review*, p. 10.

allowance test nor to its reviewers. Indeed HUD representative Charles Field told the panelists that the federal government was as a whole moving away from setting and enforcing standards, so it was unlikely that a single standard would be applied if allowances were adopted as national policy.[12] Certainly, there were attributes such as heating, running water and indoor, flush toilets that signified "decent" in the minds of all who worked on the project. Equally, there were attributes that contributed significantly to the appearance of a "good" neighborhood and even to higher property values that were beyond the scope of the minimal "decency" that HUD tasked itself with providing to low-income families. Examples such as worn-out paint or landscaping overgrown with weeds generally fit into this category. These improvements in neighborhood attributes, however, were well within the scope of changes that allowance advocates, including Lowry, initially hoped the program would precipitate. The impossibility of incorporating all the changes needed to halt neighborhood decline caused some to question the efficiency of linking allowance payments to any particular set of criteria. Instead, some panelists called for the allowance to be tied to a minimum level of expenditures on housing, so that a general "floor" would be set, they imagined, on quality without forcing miniscule expansions of windows to conform to a seemingly arbitrary standard.[13]

Neither approach to housing standards seemed likely to satisfy critics, probably because both approaches set up proxy measures for decency rather than attempting to unwind the complicated, evolving social and political meaning of that construct and its implications for the low-income, non-white poor who were to be helped by allowances and ensured equality by fair housing legislation. In the 1970s, what kind of housing was fair and equal and what kind of help should be provided by the government to secure that equality was even less clear than today. On

[12] Ibid., p. 97.

[13] Ibid..

the one hand, requiring standard features hinted at a sort of minimum line for equality of outcomes, while the allowance method pointed more towards an equality of opportunity, generally referred to in the economic/ marketplace language as "choice."[14] In pure form, choice in a free market means being able sacrifice one feature for another, even if that choice did not conform to a bureaucratic standard of decency. Further, some civil rights advocates were willing to argue that allowances would unjustly restrict the poor to "used" housing rather than including "new" homes and apartments in the housing mix, as was the case when the government built subsidized housing. This, advocates believed, was fundamentally unfair because new housing was built overwhelmingly in areas featuring a more suitable living environment, such as good schools and access to jobs.[15]

To others, including Henry Aaron of the design review group, tying allowances to housing standards was "a clever way to get a negative income tax past Congress" but useless in terms of actual improvements in housing. To his mind, either standards are set too low and "only the most egregious hovels fail" and many still reside in indecent housing, or if set higher, so large a fraction of dwellings require improvements that "otherwise adequate" dwellings to fail because of "arbitrary" requirements that they fall just short of, as in the case of window space/floor space ratios. In sum, according to Aaron, "the minimum standards

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[14] Indeed, policymakers and housing advocates often quoted the Nixonian maxim on choice ("the right to choose and the ability to choose") from his September 1973 message on housing in the when promoting allowances. In his formulation, discussed at greater depth in the previous chapter, a choice comprises to elements, a right and an ability. Allowances are meant to provide the latter, the former having been theoretically protected by the Fair Housing Act.

[15] Edward Holmgren, James Harvey and William Taylor, "The Federal Government Role in Housing: A statement of Equal Opportunity Principles for Housing and Community Development" Memorandum submitted to HUD Sec. James T. Lynn by the leaders of the National Committee against Discrimination in Housing, the Leadership Conference on Civil Rights, and the Center for National Policy Review, Subject File: Housing Task Force Box I:121, LCCR Papers, Library of Congress, Washington, D.C., p. 7.

approach…expresses a silly policy and will make the [experiment] virtually useless."[16] The risk that Aaron perceived was the possibility of creating a program that generated small incentives for landlords and allowance recipients at high cost without making any measurable stride towards the real goal of a decent home and suitable living environment. The units repaired to meet this standard would be Potemkin houses in America, looking "decent" for a day before falling into disrepair.

Despite the strong objection of review panelists, HUD and RAND adopted a checklist of 42 items required to fulfill the quality and safety "standards" of the HASE experiment, and no household living in a dwelling that failed to meet those standards could receive a payment unless and until the defects were repaired. Underlying all of this discussion was an unanswered question about what level of decency the poor, and often non-white, beneficiaries of allowances merited, and if that level was different when they obtained housing with the government's dimes. Also unspoken but inseparable from this issue was the question of whether or not low income households could be affordably induced to purchase the decency enshrined in the allowance program's standards at all, especially if they found the housing standards as arbitrary as Aaron did. Perhaps the fundamental flaw of the standards based approach was expecting allowances to provide for the acquisition of a "decency" that had no concrete meaning and carried widely varied moral valences for different stakeholders.

Putting the Supply Experiment in Place: Site Selection

The effort to bring the HASE to the field was made difficult by a single fact. In order to generate empirical data at the market level, the supply experiment was by design highly visible

[16] RAND Corporation, *Proceedings of the General Design Review*, pp. 110–111.

to both recipients and non-recipients in the chosen communities. Although HUD and RAND reports refer to those community members not receiving allowances as "non-participants," in the market-wide test, there were no non-participants. Every member of the community was exposed to the possible harm, such as inflation, and to potential benefits, such as neighbor improvement. These program features made the placement of the Supply Experiment in actual communities a contentious and sensitive issue, and the conflict, in a series of smaller steps shifted first the location, and then as a result the policy orientation, of the Supply element. Allowances had initially been envisioned as a solution to the social and housing problems of large, dense metropolitan areas with significant populations of African Americans. Through the process of site selection, that vision was transformed into an experiment in less decayed, less urban areas. In these areas, the experiment took on a new emphasis on the more politically sympathetic and tractable housing problems of the elderly poor.

Accordingly, the process of site selection for this radical experiment was also the site of the greatest struggles over the execution of the market-wide allowance test, so great at times that it appeared that it might not be possible to conduct the HASE. Those struggles began well before the design review panel convened, and continued even after. What RAND had initially believed would be a 10-week site selection process became an over two-year struggle.[17] First there was a struggle between HUD and RAND about what kinds of cities to test the allowances in. Once that question was resolved, HUD and RAND together struggled to persuade each locality to serve as a HUD "guinea pig city" for the social experiment.[18] This section treats each of those debates in

[17] Dubinsky, *Collected Site Selection Documents: Housing Assistance Supply Experiment*, 1.

[18] The phrase "guinea pig city" appears in "Housing Dispute" an editorial in *South Bend Tribune,* February 28, 1977 in Briefing Books, Research Policy and Development, Housing Assistance Supply Experiment folder, Box 28, Patricia Harris Papers, Library of Congress, Washington, D.C.

turn, looking first at the discussion between HUD and RAND about what kind of cities should serve as guinea pigs and then at the struggle with the selected sites.

The initial HASE design advocated by RAND called for 3 test sites, two mid-sized cities under 250,000 people and one “neighborhood” in a large city that was characteristic of the worst of urban decay. From the very beginning, HUD questioned the proposal for a large city site. In January 1972, Harold Finger, then HUD’s lead on the experiment as the Assistant Secretary of Research and Development, outlined the process used for initial site selection in a memo to Secretary Romney. That memo specifies a search in cities with populations between 200,000 and 350,000. Finger that this size was small enough to be manageable in terms of monitoring and the budget, which maxed out at 10,000 allowance supported units per site, while large enough to “approximate the market characteristics of large metropolitan areas.” Selected sites should also, Finger recommended, have vacancy rates, population, racial concentration, and housing costs “typical” of larger metropolitan areas. Finally, he recommended preference be given to metropolitan areas in which a high percentage of the population lived in areas within the jurisdiction of a housing authority, since the allowance payments had to be channeled through a local authority.[19] In addition to these criteria, HUD ultimately decided to have the sites in a single region of the country, so that the housing styles and standards, as well housing-related costs like heating, would be similar. This limitation also allowed for a single definition of “standard” quality to be used as the earmark for the allowance payment. It also simplified HUD’s bureaucracy for managing the enormous experiment by keeping both sites in the same regional HUD office. HUD summarily rejected RAND’s request for a third site.

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[19] Memo, “Evaluation of Locations and Agencies for the Housing Assistance Research Program,” Harold Finger to George Romney, January 22, 1972, p. 11 Box 7, Romney Papers, Bentley Library, University of Michigan, Ann Arbor, Michigan.

Like many decisions in HASE, these criteria fit one kind of logic but defied another; a controversy made clear in the review group's feedback. The choice to use moderately sized freestanding metropolitan areas and not a high-density urban neighborhood left the supply element's results open to criticism. How, critics asked, could the data be used to extrapolate about places like Chicago? This was a problem because those cities held policymakers' attention because of highly visible failures in large-scale housing and intense media coverage of urban deterioration. Some members of the design review group did not equivocate about this problem, admonishing HUD and calling for a "ghetto experiment" in a site with "neighborhood pathology" at "a value well above" that of any of the proposed mid-sized cities.[20] Their understanding about what separated large cities with high nonwhite populations from other cities in America outweighed the practical considerations outlined by HUD and RAND. Racial composition and density were seen as crucial determinants of experimental outcomes by the review panel.

While RAND made it clear to the panel that there would be two midsized cities and no "urban neighborhood" site, the review panelists were not prepared treat the issue as settled. Panelists criticized this format because, as they saw it, only a large city site would provide meaningful evidence about the ghettos on the point of riot that had prompted earlier proponents of allowances to call in for the experiments in the Kaiser and Douglas reports. To their mind, no result or data point out of South Bend, Indiana or Saginaw, Michigan, let alone Green Bay, Wisconsin was meaningful in the face of the deteriorating, burned over districts of large cities. In the early 1970s, these places filled the public and political imagination, their mere names provoking images of riots, heat, and ominous black bodies in the street: Watts in California,

[20] RAND Corporation, *Proceedings of the General Design Review*, p. 130.

Southeast Washington, D.C, Baltimore, Harlem, and Chicago's Southside. Although their words were scrubbed of such a hysterical view, the comments of the review panelists made this connection clear. One panelist from New York City offered that "the sociology of a large urban ghetto in the Northeast" was so different from those of the mid-size metropolitan areas that such a ghetto had to be included or the results would be meaningless. Others took the critique even further, arguing that a mere neighborhood would not be comparable, and that a whole large metropolis would be necessary. Edwin Mills, Professor of Economics at Princeton, and Alexander Mood went further than any other panelists, calling for the experiment to take place at two sites with what Mills called "large black ghettos" in order to, as Mood saw it "minimize the judgmental leaps necessary for generalizing" to cities with serious urban deterioration.[21]

While RAND recognized the importance of establishing direct relevance and argued repeatedly for an urban neighborhood site, HUD was not persuaded. The extent of RAND's disagreement with this decision is evident, as they continued to report their desire for such a site in annual reports for several years.[22] None of this revisiting and reevaluation moved HUD to add a site in a heavily populated urban area. In spite of strong objections by the researchers at RAND, HUD eliminated the contemplated large city neighborhood site. Midwestern Saginaw or South Bend would stand in for the Southside of Chicago, and it was left to be seen what questions if that left questions unanswered about how allowances would be received and operate in larger, more prominent housing where "neighborhood pathology" pervaded the housing market.

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[21] Ibid., pp. 118–9.

[22] cf. RAND Corporation, *Third Annual Report of the Housing Assistance Supply Experiment, October 1975-September 1976* (Santa Monica: RAND Corp., 1977).

The market test designers at HUD and RAND were, however, aware that the allowance program needed to be shown feasible in both a fairly stable housing market and in one with some level of urban decay, decline, and out-migrations to the suburbs. Accordingly, the criteria for selecting the two sites required one city that was "racially homogenous" but had a fairly tight housing market (low vacancy rates) and stable population. The other city needed to have a significant population of African Americans, a declining city center population, and the associated higher rates of vacancy. In language suggestive of the ease with which bureaucracy ran afoul of racial sensitivities even when they tried to understand them, the shorthand phrases used by the researchers for these two categories were "fast growth/low black" and "slow growth/high black."[23] In both sites, HUD wanted the outlying towns and unincorporated areas in the metropolitan area to participate as well, so that participants would have the ability to use the allowance throughout local housing markets that extended beyond legal city limits.

After filtering more than a dozen metropolitan areas of the desired size through these criteria, only a handful of cities remained under serious considerations. Most of the southeastern region of the country was eliminated because HUD perceived the social, political, and racial atmosphere as too great a risk. Indeed, this fear would be borne out in the Administrative Agency Experiment, where the only location in the deep South failed because a significant proportion of African American households could not secure "standard" housing via the free market, and HUD was forced to intervene to stave of total disaster and the bad publicity they so feared.[24]

The choice to use small cities rather than larger ones had another, less noticed and less debated but critical impact—it led to the inclusion of homes occupied by owners in the eligible pool of participants. The market-wide test was the *only* element of EHAP that permitted

[23] Lowry, *The Design of the Housing Assistance Supply Experiment*, p. 21.

[24] This situation is discussed in detail in the fourth chapter of this dissertation.

homeowners to participate. Indeed, while government backed mortgages were a form of support for homeowners, homeowner subsidies for actual mortgage payments were not a part of HUD's subsidy programs in any other significant way. Homeowners were added because without them, RAND told HUD that there would be too few eligible households in the smaller cities and no meaningful shock to the housing market could be anticipated. A memo by then Assistant Secretary at HUD Michael Moskow and head of the experiment Charles Field stated that in HASE, excluding homeowners would limit the program to too few households, and therefore no market impact could be anticipated because the stimulus would be too small.[25] This problem was exacerbated by the demographics in the favored sites, where as many as 57 percent of households with qualifying low incomes were homeowners. There was also a less transient political problem with excluding homeowners in these smaller cities. The elderly were disproportionately homeowners both nationally and in the proposed sites. As in most public assistance programs, the elderly were the desired public face of allowances, the politically sympathetic emissaries of the deserving poor.[26] If the elderly were systematically excluded from the market-wide test, the idea of allowances might be less palatable both locally and nationally because the face put on the most visible test would not be the sympathetic elder but the

[25] It must be noted that while some indirect inputs in the housing market, such as the cost of building supplies, are impacted by both rental and purchase demand, and there are distinct rental and purchase markets for housing. Arguably, therefore, the inclusion of homeowners divided the funds allocated for allowances (and thus the demand stimulus) into two different housing markets as each site rather than increasing the number of consumers eligible for an allowance within a unitary market. I have found no record discussing the implication of thus dividing the stimulus, possibly because it was not widely appreciated that the rental and purchase markets were isolated from one another.

[26] Charles Field and Michael Moskow, Memorandum to Secretary James Lynn "Homeownership in the Supply Experiment: Problems and Options" December 19, 1973, Record Group 207 HUD Research, Development and Technology Subject Correspondence "RDT" undated folder, NARA.

pathologized non-white welfare recipient who had already come to symbolize the failure public housing assistance.

In general, homeowners, regardless of their actual financial circumstances, were conceived both politically and popularly as the antithesis of the household requiring a government housing subsidy, whether in a project or via an allowance. Ownership of a home historically connoted exactly the kind of responsibility and self-sufficiency that policymakers and public advocates thought allowances might instill in order to cure the pathologies of the urban ghetto in participants. While supporters of allowances frequently depicted the allowance recipient as a person in need of market experience and training, the homeowner of the popular imagination had demonstrated their market competence and full market citizenship via the act of home purchase.[27] The inclusion of homeowners was both a practical and a political decision. It is clear that as soon as RAND and HUD realized that the sites would have to be small cities, they realized that in these cities, a tremendous amount of need existed among homeowners, particularly the elderly. Existing housing assistance legislation, which provided no clear authority to provide an allowance-type subsidy to homeowners, tacitly recognized the broader social assumption that homeowners would not need the kind of aid imagined to serve people whose instability and even disordered status was imbued in the fact that they rented.[28] This philosophical revision of the experiment was matched by a practical revision that seems to have gone unnoted by researchers. While incorporating homeowners increased the number of eligible participants, home purchase and home rental markets are frequently separated in terms of available units, and so the market stimulus of allowance payments was being divided into two markets, not being increased within one.

[27] Cohen, *A Consumers' Republic*.

[28] Lowry, *The Design of the Housing Assistance Supply Experiment*, pp. 60–61.

Several members of the review panel questioned the plan to included homeowners. J. Heinberg, a representative of the Urban Institute who attended the review group meetings, believed that homeowners would be unlikely to move, therefore would dampen any mobility effects in the test with data. Furthermore, he thought homeowners unlikely to be included in a real national program and wanted them excluded on that basis. Ira Lowry himself raised the concerns about the "political and moral implications" of creating an incentive for people to take out a 30-year mortgage with only 10 years of allowance support guaranteed. Henry Aaron of the Brookings Institute countered that the equity gained over ten years would be sufficient to allow the homeowners to resell without a loss if they could not afford to continue living in the home they owned when the ten year period of the allowance payments ended. Discussion of the issue was concluded as representative from Mathematica, Inc., a subcontractor, pointed out that in the income maintenance experiments conducted for the Federal Department of Health, Education and Welfare, short-term payments could be and were used to buy houses, and so there was "a precedent for pulling the rug out from under these owners."[29] While the panel clearly questioned the inclusion of homeowners, it would not be any of their concerns that governed the decision. This vexing issue would remain unsettled for several months after the review panel, because legislative obstacles nearly prevented homeowner participation. There was no legislative authority to directly assist mortgage payers, but local political pressure was strong for their inclusion. The funding mechanism for homeowners was not developed until February of 1974, when a path was finally made by allowing homeowners to lease their homes to the experiment and then rent them back. Thus concluded, the decision to allow the participation of homeowners

[29] RAND Corporation, *Proceedings of the General Design Review*, pp. 18–19.

was another step away from a design focused tightly on the "ghetto" problems that prompted the creation of the EHAP.

Negotiations with "Guinea Pigs": Putting the Program in Place

HUD had conducted a search for cities that would accept an allowance program that met some of these criteria beginning in late 1971. Initially, the acceptance of all local elected governance was viewed as an absolute requirement. These agreements by local officials were also taken as a proxy for the consent of the area's non-recipient households, businesses, and community groups. The first site successfully incorporated into the program was the more stable and homogenous one. Local officials in Green Bay, Wisconsin, and the surrounding Brown County agreed to participate with little fanfare and RAND began making preparations in Green Bay in March of 1973.[30] Taking "the easy case first," as HUD representative Charles Field described it, allowed RAND and HUD to slowly ramp up and refine their research plans as well as work out any kinks in program administration.[31] Moving forward with preparations in Green Bay, even as it remained unclear whether any second site could be secured or if homeowners could be incorporated into the program, was risky. Without the second site, the experiment had very little payoff. Even Ira Lowry had told the review panel that if no second site could be secured, he would "rather drop the experiment" than "only do Green Bay."[32] The opportunity to work out the kinks proved irresistible, and thus field operations began.

Finding the other site, the "slow growth/ high black" site, turned out to be deeply problematic. White suburbs surround the diverse centers of the preferred mid-sized cities were

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[30] RAND Corporation, *First Annual Report of the Housing Assistance Supply Experiment*, p. 70.

[31] RAND Corporation, *Proceedings of the General Design Review*, p. 63.

[32] Ibid., p. 64.

unwilling to participate in an experiment that facilitated and even seemingly encouraged, black outmigration. It was the first major indicator that allowances would not, as Finger had hoped, circumvent the siting battles that large-scale public housing projects faced. After reviewing the options, HUD decided that the Saginaw, Michigan was the first choice and began negotiations with local officials and elected representatives in the winter of 1972. At the time of the June 1973 design review group meeting, RAND and HUD believed that the city of Saginaw and surrounding Saginaw County would be the second site. Referring to Green Bay and Saginaw, HUD's research department told the review panel that HUD was "pretty well locked into the two sites unless there [was] a major problem with them."[33] The review panelists were less than satisfied with the site because they deemed it insufficient for a "real" test of the racial and social variables involved in the experiment. As Alexander Mood from University of California, Irvine, told HUD officials, "The supply of housing for minorities depends upon the constraints to which they are subject. Your site selection should not have been governed by the size of the black community, but by its characteristics and the racial climate."[34] Mood ultimately called on HUD and RAND to go back to the drawing board and find sites more reflective of the urban problems he felt allowances should address.[35]

HUD and RAND in fact went back to the drawing board, though not for the reasons Mood outlined. Although HUD and Saginaw officials had signed preliminary agreements, the elected representatives of the surrounding Saginaw suburbs refused to authorize the experiment.

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[33] Ibid., p. 63.

[34] Ibid., p. 64.

[35] Ibid. Within this discussion of the various sites with the review group, Field remarked that not all regions had such a climate, and suggests that sites in the South had not really been considered for the market-wide tests because the racial climate would make it impossible. The outcomes of the one aspect of the experiment conducted in the deep South are discussed in Chapter 4 on the Administrative Agency Experiment.

While the refusal perhaps signaled that the area would have been a more realistic test than the review panel imagined, it was obstacle enough to cause HASE researchers to pull out of the Saginaw site. Even though the suburbs were not home to a majority of likely participant households, "the nonparticipating jurisdictions formed a geographical pattern that [HUD and RAND] thought would cause serious problems for the experimental design." HUD spent an entire year trying to persuade the suburbs of Saginaw to participate without success.[36] Unlike the negotiations for an urban neighborhood site, in this situation, RAND prevailed with an argument for the need to have options for allowance participants that included moving to white suburbs. The "geographical pattern" that Field referenced meant that the mobility of non-white families would be limited *a priori* because they could not move to white suburbs. In 1973, a suburban white noose surrounded Saginaw that prevented the allowance and its considerable influx of federal dollars from coming to town.[37] Interestingly, the refusal of Saginaw's suburbs to participate was not taken as evidence, or even as a sign, that the hoped for mobility via the market would not emerge. The failure of negotiations is rarely mentioned in RAND reports and never mentioned in final reports or those destined for the desks of influential policymakers beyond HUD. The first annual HUD report to Congress on EHAP includes a map showing that Saginaw will be the site, with an asterisk and a notation that terms were "being negotiated with local officials." The second annual report includes a map showing South Bend, but does not

[36] RAND Corporation, *First Annual Report of the Housing Assistance Supply Experiment*, p. 26.

[37] The phrase "white noose" appeared in a November 1963 article in *Life* Magazine "Racial Collision" by Theodore White, and in testimony before the U.S. Commission on Civil Rights referenced in Robert O. Self, *American Babylon: Race and the Struggle for Postwar Oakland* (Princeton: Princeton UP, 2003) p. 211. Self's focuses on the role of industry and labor in shaping the racial geography of California's Bay Area. Its exact origins are unclear, as early as 1959, it appeared in *The Crisis* magazine in this context already in quotation marks.

mention the change nor discuss the reasons for it.[38] None of the problems or the reason for the rejection of an allowance program trial in three cities not known characterized by contentious race relations nor highly deteriorated city centers, was never included in more comprehensive reports about EHAP as a whole. Instead, HUD responded by moving forward, adding the two other candidate cities, Springfield, Ohio and South Bend, Indiana back to the list, and began negotiation with their outlying suburbs in hopes of obtaining a site where the center city and the suburbs would participate.[39]

The failed and stalled discussions surrounding a second site left the Supply Experiment on the point of a real crisis. The issue of mobility provoked this crisis striking straight at the heart of an allowance program's promise as a new mode of governmental housing assistance. Negotiations were not successful in any of the three sites and in February 1974, HUD and RAND representatives gathered to decide how to proceed without, as RAND put it "an effective countywide jurisdiction for the experimental housing allowance program." The decision was made to move ahead in South Bend despite the refusal of all areas beyond the city limits to participate. RAND said in its first annual report that the decision was based on "weighing present circumstances and future prospects" that the suburbs might decide to participate after all, and that in Indiana the smallest areas, called "rural townships," were not legally required to consent

[38] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *First Annual Report on the Experimental Housing Allowance Program* (The Agency, 1973); U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Second Annual Report on the Experimental Housing Allowance Program* (Washington, D.C.: U.S. G.P.O., 1974).

[39] Site Selection process documents from RAND include South Bend among cities eliminated because it was too large, as they were using population of 280,000. As a result, it did not go through the rigorous demographic evaluation that RAND performed on a dozen seriously considered sites. HUD included South Bend because the 1970 Census put the population at under 250,000. It is unclear exactly how South Bend returned to serious consideration in the joint re-examination of potential sites.

if the county government did. In South Bend, the non-participating areas were felt by RAND and HUD to be fewer, less geographically significant and perhaps less vociferously opposed to the program.[40] Accordingly in a moment of real crisis, RAND and HUD decided to sacrifice market-wide mobility, at least initially, in the only full-scale mobility test of allowances for central city dwelling low-income households, in order that the experiment itself could go forward.

If only South Bend proper participated, and so there could be no market-wide mobility in the Supply Experiment, and so no data reporting how many of the poor black people whose faces studded the pages of the Kaiser and Douglas reports would leave the ghettos if provided the funds. The refusal to participate by the political leaders of the suburbs surrounding three midsized cities, Saginaw, Springfield, and South Bend, would be the only indication of whether white suburbs would accept allowance participants. In that moment, it seemed, the experiment in and of itself, independent of the questions it was supposed to answer, had acquired enough momentum that getting into the field became a goal unto itself. For the moment, that goal eclipsed the very questions the experiment was designed to answer. Signing South Bend saved the Supply Experiment. But as a result, the scope of what could be tested had narrowed significantly from the rigorous that Ira Lowry, Assistant Secretary Harold Finger and program director Charles Field had imagined when they began, let alone the grand vision of those who had called for the test in the late 1960s.

The Allowance Experiment in a Homogenous Market: Green Bay/ Brown County

While all these setbacks and negotiations pushed the start date for the second site further and further back, both parts of the experiment- the allowance program and the survey research-

[40] RAND Corporation, *First Annual Report of the Housing Assistance Supply Experiment*, 26.

had already begun in Green Bay. As suggested by Charles Field's reference to the Green Bay as the "easy" site during the review panel meeting, the city and surrounding Brown county were homogenous places, with a 98% white population in the 1970 census and a focus on manufacturing and rural agriculture as an economic base. RAND observers remarked on the relatively uniform social norms and the unifying social force of Green Bay Packers football and neighborhood tavern culture as features that tied residents of the area together.[41] While doubtless in the eyes of residents themselves the social situation was more complex, one gets the sense from the RAND reports that Green Bay in the 1970s would still make a pleasant home for the characters of *Lassie* and *Leave it to Beaver*, perhaps with *The Brady Bunch*'s divorcees providing some ripples in the community pond.

The earliest work conducted in Green Bay, and later in South Bend, was the first sweeping series of site surveys. Site surveys constituted a breathtakingly large portion of the work to be done in HASE, since the main focus of data collection was not the participating families but the overall market. To understand market impacts, researchers wanted data about housing features, rental rates, home values, building materials, repair costs, and scores of other factors. To collect that data, RAND needed a cadre of interviewers and survey takers to ask families and landlords dozens of questions. Most of these families and landlords did not receive allowances, and their answers were intended to, in essence, take the temperature of the market and assess if prices, quality, or availability changed. Because these subjects had no particular tie to the experiment, RAND and HUD worried whether they would be willing to participate. Professionalism and perhaps more than that would be required if, as Lowry put it, you were counting on "the willingness of the lady of the house to let you look at her bathroom" and you

[41] Ellickson, *Public Perceptions of Housing Allowances*, p. 20.

wanted to interview her once a year for the next five years.[42] The ultimate solution for this problem included making small payments to survey participants.

Worries about participation in the surveys also caused HUD to mandate that RAND remove from the survey of questions about the social issues at stake in the allowance trial. RAND intended to ask interview subjects a series of question about their opinions of other races and their views on desegregation, and the presence of other races in their neighborhoods. HUD stripped these questions from the survey out of fear of political repercussions and bad publicity, despite RAND's repeated insistence that without them, valuable information about correlations between political attitudes and program outcomes could not be obtained. Even the intimation that removing these questions compromised the research charter did not move HUD on this issue.[43] HUD instead succumbed to political headwinds on this issue, and no such questions were asked.

Initially, RAND subcontracted with Mathematica to execute the site survey portions of the research fieldwork in Green Bay. Mathematica's expertise in field research stemmed from its contract to execute the New Jersey Income Maintenance Experiment, another of the era's massive social experiments designed to empirically test potential changes in social policy. Mathematica's research skill set was important early on, since RAND had little field experience, or as RAND was, in its own words, "an institution whose traditional research tools, aside from its staff, are small offices (with closable doors) and excellent computers."[44] Fieldwork of this kind was, at the time, outside RAND's expertise and so Mathematica led the effort. Initially, a five-dollar incentive for survey response was used to encourage landlords and heads of

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[42] RAND Corporation, *Proceedings of the General Design Review*, p. 30.

[43] RAND Corporation, *First Annual Report of the Housing Assistance Supply Experiment*, pp. 30, 61.

[44] Ibid., p. 66.

household to participate in the surveys, who since they had nothing to gain from the experiment had no particular reason to answer a long set of questions, provide their accounting books, or allow the interviewer to catalog the features of their home. Later on, RAND took over the door-to-door surveying responsibilities in addition to the coding, quality checking and analysis of the survey data, which was examined in concert with data about the allowance recipients themselves collected from the program office. The incentive payments and the involvement of Mathematica were curtailed as budget pressure rose and an existing rapport facilitated repeat yearly interviews. The surveys were rolled out annually in a period of a several weeks, with all yearly surveys being compared to a "baseline" survey conducted before enrollment in HASE began and most people remained unaware of the program's existence.[45] The fear of non-participation surfaced with each survey cycle, however, and before each major field survey, high-ranking RAND and HUD representatives like Ira Lowry often visited the sites in order to attract media attention and encourage crucial citizen participation in the survey regime.

Along with the conduct of the initial surveys of Green Bay, much of the early work of the program consisted of setting up and trying out office procedures and data collection protocols for the allowance program portion of the experiment. Due to the prolonged difficultly in finding the second site, RAND operations and research staff had the luxury of time to devise and refine procedures in Green Bay. Mathematica opened an office in February of 1973, while RAND's site office opened in March. General enrollment did not begin until June of 1974, more than one year later. In the interim, survey drafts, housing standard certification procedures, office protocols, and budgets were all refined in consultation with HUD. In addition, Mathematica conducted

[45] The clearest discussion of the survey program's trajectory appears in RAND Corporation, *Third Annual Report of the Housing Assistance Supply Experiment, October 1975-September 1976*.

baseline surveys of more than three thousand landlords and eight thousand households, both renters and owners. So vast was the data collected that the process of coding and keypunching those survey results to allow computerized analysis would take RAND an additional eight months following each survey cycle.

On June 19th, 1974, RAND opened enrollment to the general public in Green Bay and made its first allowance payment to a household that had been invited to apply, and subsequently obtained standard housing, during a small test enrollment in March of that year. More than five years after the Kaiser Commission had suggested a test of allowances as part of a solution to the raging turmoil in America's urban centers circa 1968, and more that 3 years after Congress answered that call with legislation mandating such an experiment, one American city, at least, was about the experience the full impact of an open enrollment housing allowance program. Contingency plans for inflation and "neighborhood invasion" at the ready, RAND began the work of carefully monitoring the market and the attitudes of the community to determine what reception allowances would have and what response they would prompt from the market in Green Bay and surrounding Brown County.

The first three years of the program were heavily focused, for the allowance office, on marketing, application processing, and the process of evaluating housing and initiating payments for households successful in meeting the housing standard. To streamline procedure and control the countless unwanted variables that differences in allowance office procedures could introduce, a handbook of more than 600 pages for the allowance office staff.[46] This handbook codified

[46] Iao Katagiri and G. Thomas Kingsley, *The Housing Allowance Office Handbook: Housing Assistance Supply Experiment*, RAND Note N-1491-HUD (Santa Monica: RAND Corp., 1980). This handbook is an edited version of the original used in the experiment. Most information is edited to remove information "of little interest" to a general audience. However, an entire section on procedures for the phasing out of the experiment, which became controversial, is listed in the

every conceivable procedure, from the form for a letter sent to an applicant found ineligible because their income was too high to elaborate flowcharts showing the procedures by which program data such as client demographics and housing evaluation results was to be keypunched onto IBM cards and read into the computerized “file processor” so that this information could also be used by the research office on site and then at RAND in Santa Monica. Crucially, these procedures ensured experimental uniformity and helped to minimize the chance that accusations of mismanagement and special treatment that often confronted government assistance programs would surface in the Supply Experiment. Overall, the enrollment and office operations were smooth, partially as a result of these procedures and partially because the response to the program in Green Bay was, like the social milieu, fairly homogenous and without major points of conflict.

For participants, the Supply Experiment functioned much like other government programs, but with an added emphasis on confidentiality and responsibility. Eligibility was determined by a formula that related household size to a “fair” cost of housing based on local conditions. Any household with an income less than four times the fair cost of housing in the area for a family of that size would be eligible to receive payments, with lower-incomes corresponding to larger allowances. RAND’s staff found that a high proportion of those inquiring or submitting an initial application were ineligible, and sought without much success to refine its outreach to avoid this problem. For those who did qualify financially, the process of obtaining payments was simplified by the generally high quality of housing in the Green Bay area. At least half of the eligible population in Green Bay already lived in housing that met the housing standards, and these families needed only complete paperwork and verify income in order to

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table of contents as "deleted" and its contents are unavailable. A discussion of the phasing out process appears in the final chapter.

receive payments.[47] Surveys of participants and the public indicated that in Green Bay, the receipt of a housing allowance was viewed more favorably than other government programs, though on a personal level, stigma still seemed to dampen enthusiasm for the program.

For the data collection and analysis or "research" office, the early focus was on conducting the surveys and then coding, keypunching, and completing quality control for the mountains of data they collected from the roughly six thousand interviewees ranging from landlords to renters to home owners. In keeping with the highly codified procedures used in the HASE, RAND developed extensive training programs for research staff, including a multiday training for interviewers who went into the field. The interview process went far more smoothly in the beginning than they had anticipated, with most households permitting entry and a cataloguing of the premise's features, allowing the inspection of bathrooms that Lowry had worried about in the review panel.[48] Over the course of repeated yearly interviews, some reticence developed, RAND noted, especially among the landlords asked to provide sensitive information on their costs and rents, even if they did not markedly change from year-to-year.[49] In general, the program of surveying proceeded without major hurdles, even the dwindling response rate was of more concern because of what it might indicate about South Bend, where initial resistance was higher, than for any impact it would have on the data for Green Bay itself.

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[47] Lowry, *Experimenting with Housing Allowances*, p. 20.

[48] RAND Corporation, *First Annual Report of the Housing Assistance Supply Experiment*.

[49] RAND Corporation, *Third Annual Report of the Housing Assistance Supply Experiment, October 1975-September 1976*, 37. This issue is also discussed in a discussion paper written for the HUD Policy Research and Development team by Gil Blankespoor in September of 1975, "Supply-Experiment, Long-term Issues: A Discussion Paper" EHAP R&D Housing Assistance Research Folder, Box 5, Charles Orlebeke Papers, Ford Presidential Library, Ann Arbor, Michigan, p. 4.

Overall, the program in Green Bay allowed RAND to finally test in the field the many research elements that they had long planned, and the rollout was executed without major problems or extensive negative public response. Ironically, at least in light of the extensive preparations that were made, the biggest problem encountered in Green Bay was one no one had really anticipated, certainly not on the scale with which it emerged. The problem was not pushback or price spikes—it was startlingly low enrollment. So low, in fact, that it led to rumors at the other site, South Bend, that the program had failed in Green Bay. The existing South Bend Housing Authority, fearing they would lose control of their turf, used the rumor to suggest that South Bend should not participate in the experiment.[50] While the flow of preliminary applications in Green Bay was more than enough to challenge the program staff's ability to keep up, the number of applicants found eligible who subsequently met the housing standard and drew payments was only one-third of the number eligible for the program. This pattern would later be repeated in South Bend. A recipient rate of just one-third was far lower than RAND or HUD anticipated, and the reasons for low participation would be debated all the way through the final evaluations of the overall EHAP program and debates about housing voucher programs in the early 1980s.

The only other significant problem in Green Bay was a bit of public backlash related to attempts to generate more enrollments via paid marketing. In early trials, the housing office attempted to use solely direct mail to solicit applications, but response was insufficient. As a result, the office began using television ads, posters on public buses, some 300 paid radio commercials, and print advertisements. This approach was very successful in generating applications. It also created marked community opposition to the use of tax dollars to promote

[50] O'Nell and Shanley, *Monitoring in St. Joseph County, Indiana; Sept. 1974- Mar. 1975*, p. 4.

government assistance programs.[51] In RAND's view, at the heart of this objection were notions of self-sufficiency and what researchers characterized as a communal unfamiliarity with government assistance in Green Bay.[52] Although it was not the kind of community reaction requiring the use of Lowry's contingency plans, RAND still took steps to minimize objections, curtailing the first advertising push and then limiting subsequent ad campaigns to what was necessary to generate as many applications as the allowance office staff could readily process without creating a backlog of over a month.[53] In keeping with the site monitor's observations of Green Bay's harmonious civil society, distaste for the advertising never evolved into an organized opposition in Green Bay. The grumbling seems to have been limited to complaint calls to the office and letters to editor in local newspapers.

Over the five years that RAND monitored the experiment in Brown County, eventually 7,681 households received at least one payment from the Green Bay housing allowance program. These numbers fell short of creating any inflationary pressure on the market or appreciable change in the composition or quality of any neighborhood. The only concrete change of the kind Lowry and the other advocates of the experiment envisioned at the outset was that the closing of a single elementary school was postponed in the hopes that the population of the surrounding neighborhood would stop declining because of the allowance program. At the time that RAND stopped monitoring, 3,563 households were active participants, receiving payments and participating in the required annual recertification of their incomes and the quality of their homes. These figures represented only about 1/3 of all eligible households in Brown County, a

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[51] Ellickson, *Public Perceptions of Housing Allowances*, p. 26.

[52] RAND Corporation, *Second Annual Report of the Housing Assistance Supply Experiment*, p. 45.

[53] Ellickson, *Public Perceptions of Housing Allowances*, p. 26.

figure that surprised researchers, but did nothing to quell national discourses about the eagerness of the poor to accept government subsidies instead of working for a living.[54] Perhaps the nearly all-white poor of Brown County did not serve an antidote to this iconography, or perhaps the notion was too entrenched to be assailed by quantitative evidence. While RAND believed that it had gathered useful and significant data from the Brown County site, it was and remained what Lowry had called the easy site. As researchers had know since the review panel met, if allowances were going to be shown a significant tool for solving the urban crisis, the real test would come in South Bend.[55]

The Hardest Test of the Allowance Idea? – South Bend/ St. Joseph's County

Of the two final sites, the South Bend had a greater risk of backlash, "local resistance," and the other problems associated with the declining multi-racial cities of the 1970s. Some openly wondered if South Bend slumlords would not just make cosmetic repairs in order to met the standards and then raise the rent, offering little in the way of neighborhood stabilization or meaningful improvement in the housing quality of low-income households. When the experiment began in South Bend, the city had roughly 125,000 residents, and the outlying remainder of the county had roughly that number again. The city alone was only twenty thousand people smaller than the entire Brown County/Green Bay site. The general condition of the housing was poorer, and yet more families owned their homes than in Green Bay. The population was more ethnically diverse and included varied white ethnic populations as well. Central Green Bay had a Black population of 14.1 percent, and "Chicanos" comprised an

[54] Lowry, *Experimenting with Housing Allowances: The Final Report of the Housing Assistance Supply Experiment*, pp. 68–70.

[55] Significant findings of the Supply Experiment will be discussed later in the chapter.

additional percentage of the non-white population.[56] In the county as a whole, these groups comprised 8.6 percent of the population.[57] In addition, the presence of numerous white ethnic groups, including a large number of Belgians and some Hungarians, whose strong cultures still included making traditional foods including waffles. Each of these groups seemed to have organized community groups of some kind, some were predominately social halls, others served more political purposes, but all could be mobilized if a threat was perceived by community leaders, whom the resident observer somewhat anachronistically called "kings" of the respective ethnic groups.[58] In addition to these community groups, a few non-profits using federal grants for community work, and a political group styling itself "St. Joseph County Fair Tax Association,"[59] which repeatedly opposed the allowance experiment. All of these groups made South Bend more diverse and more challenging for the allowance program than the congenial Packers fans of Green Bay.

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[56] In the reports of the HASE subsequent to beginning onsite operations, the term used for Spanish-surnamed people is "Chicano" and so I have used it here. It was possibly used because nearby Notre Dame had some role in the project at the community level, as did a community group called La Raza. Notre Dame had a "Chicano Studies" program. It is also possible that RAND imported the term from their base in Southern California, where the term first emerged. At earlier points in the experiment, a variety of terms ranging from "Latin" to "Spanish" were used to identify a group that would currently be designated on the Census as "Hispanic, Non-white" and more colloquially as "Latino." In HASE surveys, participants were so designated by their last name. Blacks were so designated by their appearance throughout the EHAP. An analysis of the social and political implications of this contested nomenclature appears in the chapter on the administrative agency experiment and, more extensively, in the final chapter.

[57] RAND Corporation, *First Annual Report of the Housing Assistance Supply Experiment*, 36, 43.

[58] Wim Wiewell and Nancy O'Nell, *Monitoring the Housing Allowance Program in St. Joseph County, Indiana: July-September 1976* (RAND Corp., 1979), pp. 24-26. Several of the monitoring reports include fascinating and humorous accounts of the local life of South Bend, and make for an interesting perspective on the upper midwest irrespective of the allowance program.

[59] O'Nell and Shanley, *Monitoring in St. Joseph County, Indiana; Sept. 1974- Mar. 1975*, 6.

Within South Bend, which it must be recalled was initially the full jurisdiction of the program, there were several noticeably decayed neighborhoods identified by RAND. While local newspapers and neighborhood groups considered them centers of serious vice and violence in addition to poor quality housing, the RAND resident observer saw even the worst area as "appropriately termed a marginal area rather than a slum."[60] While doubtless the area was not the urban ghetto that the review panel had wanted for a site, South Bend was undergoing real change in its urban residential and economic composition. Already in St. Joseph County, outmigration was underway, as demonstrated by a contested decision by Sears to move out of a downtown South Bend anchor store and into neighboring white, affluent Mishawaka, one of the initially non-participating suburbs. RAND's observer in South Bend noted that 18,500 petition signatures and a 250-person opposition rally did not prevent the Chicago office from moving the store, even when the dispute was nationally featured on *The Today Show*.[61] That national media attention around the Sears incident developed so rapidly in South Bend no doubt chastened the research team at RAND. They stridently wanted to avoid that kind of attention. While the combination of socioeconomic factors and heterogeneous demographics did not make South Bend a city in the midst of urban crisis, it certainly made the environment risker than in Green Bay. As the review panel had suggested of Saginaw, this made it a truer test of the allowance program.

The refusal of the outlying areas to participate in the allowance program was ample evidence to support the fears of researchers as they began the experiment. Lowry and other RAND researchers were happy to have had a six-month to one-year lag because so that more kinks and problems could arise earlier and in the less charged atmosphere there. By the time the

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[60] RAND Corporation, *First Annual Report of the Housing Assistance Supply Experiment*, 47.

[61] Wim Wiewell and Nancy O'Nell, *Monitoring the Housing Allowance Program in St. Joseph County, Indiana: July-September 1976* (RAND Corp., 1979), pp. 17-20.

survey takers took to the streets in South Bend, the techniques used to train them had been refined, the difficult questioned finessed. Ironically, much of the need for Lowry's contingency plans was initially obviated by the refusal of the outlying white suburbs to participate. With no all white jurisdictions accepting the allowance program, the chance of such an unfavorable reaction by white denizens of the area was reduced significantly. Since non-white center-city families could not use the allowances to move to those areas, there was no risk of invasion at the outset. The non-participation of these areas also somewhat reduced the eligible population, reducing inflationary pressure.[62] If other jurisdictions joined, the effect would be essentially the staggered start up that the more cautious advocates had called for at the review panel meeting.

Even though the two sites were so different, RAND endeavored to use as similar as possible experimental methods at each site. The major difference in South Bend was that the initial housing survey area encompassed all of St. Joseph's county, even though the allowance program was initially only within the city limits. Surveys of residential buildings and landlords were completed before enrollment began, using Westat, Inc., as the subcontractor. In terms of the allowance program itself, the same handbook was used to control procedures in South Bend as in Green Bay, and the enrollment, qualification, and payment procedures used by the allowance office were the same. A similar program of press release driven free publicity, community group meetings and paid television, radio, and print ads was used to spread the word about the program. In South Bend, however, there was such an upsurge of response that the allowance office staff found itself overwhelmed and backlogs of several months for application processing were only cleared once HUD approved the hiring of additional staff.

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[62] While Mishawaka did not have any non-white families depending on government aid, there was a significant population of elderly low-income households who would have been eligible at the outset, and became eligible when Mishawaka's city council finally dropped its resistance.

Problems and challenges confronted by the program in South Bend were more severe than in Green Bay, as the researchers expected. They did not, however, arise in ways that had been anticipated nor too an extent that called for the exercise of Lowry's contingency plans. Nevertheless, RAND and HUD took each complication, especially those originating from formally organized groups, very seriously. Both the major and the minor problems that arose reflected the tense racial atmosphere in the city. In some ways, there advent undercut the view that moderate sized cities lacked the deleterious social conditions of urban areas, but perhaps, as one South Bend opinion columnist suggested, reflected how popular mythology about urban decay and black criminality generated sensational accounts of conditions in moderate areas and perpetuated the fears of white residents. In his assessment, RAND's resident observer favored this latter interpretation, noting that in the area " 'Crime' is also used as a euphemism for 'black.'"[63] Unsurprisingly given this depiction, RAND found that in South Bend, some landlords refused to accept allowance tenants for no reason other than that they received allowance payments. There were not, however, the feared problems of "slumlords" making cut-rate, poor quality repairs nor any organized, open hostility towards program participants, though letters to the editor objecting to the program appeared in the *South Bend Tribune* over the years. Many shared with residents of Green Bay a complaint about taxpayer funded advertising for government assistance programs. All of these problems, however, were minor enough that the local office handled them directly without involving HUD, and even RAND's headquarters staff left most of these issues to be solved by staff in the field.

[63] Wiewel and O'Nell, *Monitoring the Housing Allowance Program in St. Joseph County, Indiana*, 27, 29–30. The opinion piece by Carolyn McCrady appeared in the South Bend Tribune on Jan. 24, 1977 and was reprinted in the monitoring report in full, p. 41.

Another, more significant, point of conflict in South Bend was the impact of the allowance test on pre-existing housing agencies. Overwhelmingly, the non-profit agencies in the area stepped up enthusiastically to provide small home repair loans, information about repair professionals, and other auxiliary services designed to enhance the impact of the allowance program. This positive response was not shared by the local South Bend Housing Authority (SBHA), which oversaw existing housing projects built with federal funds, as well as other housing subsidy programs in the area. As a result of increasing enrollments in the allowance program coinciding with rising vacancies at the projects controlled by the SBHA, the local agency began publicly objecting to the allowance program in early 1976. The SBHA claimed that the rising vacancies were not just coincident with the allowance program, but caused by it. RAND took this accusation very seriously. With the support of HUD, both organizations undertook studies of what effect allowances might be having on the pool of applicants and vacancy rates for the projects. Neither report supported SBHA's claims. In the SBHA's own study, those living in SBHA showed little interest in the program and in RAND's study, it was found that the vacancy rate in the SBHA units was primarily the result of units needing extensive repairs before being leased to new tenants, many of whom were on a significant waiting list.

Despite an effort by RAND to keep the turf war private, the SBHA horrified RAND and HUD when they publically aired the dispute, accusing RAND of leaving SBHA housing projects with "all welfare recipients" for clients in a public meeting, according to an article that appeared in the local paper.[64] Even worse, another article reported, citing SBHA officials, that RAND held the report about the impact of the allowance program in "secret" and refused to divulge to the public and the SBHA. At this late date, however, the controversy never rose to a level that would

[64] Nancy Suffolk, "Public Plan Suffering?" *South Bend Tribune*, May 23, 1976 reprinted in O'Nell, *Monitoring the Housing Allowance Program; Jan.- Jun. 1976*, p. 41.

threaten the program, and ultimately, in fact, HUD officials recommended that the SBHA address the problem of its financial insolvency by closing housing sites that had deteriorated so far as to make their repair fiscally imprudent. Since the end result pointed to the inefficiency of production based subsidies for housing projects, the findings supported the allowance approach. RAND, however, made as little noise as possible about the outcome of the controversy, knowing that evidence weighed little against flashy newspaper headlines and mindful that with the coverage of the downtown Sears, a national spotlight could focus on South Bend with little build up. If trumpeting the results risked an unfavorable story before a nationwide audience on the *Today Show*, a small study of allowances succeeding in a community where traditional projects were faltering was not worth the risk.

Affirmative Equal Opportunity? South Bend and Fair Housing in the Supply Test

The non-participation of Mishawaka and the surrounding suburbs ensured that the issue of how to deal with the requirements of the Fair Housing Act was never far below the surface in the Supply Experiment. Ever since Harold Finger first suggested that allowances provided a mechanism for "avoiding the problem of local resistance to Federally assisted housing development" because "the issue under housing allowances would be one of discrimination against individual families rather than opposition to the development of housing," it was clear that allowances and housing discrimination were inextricably linked.[65] As discussed in the previous chapter, none of the stakeholders knew what the relationship would be. The Supply Experiment, owing to its solitary place as a fully visible, open enrollment program, was uniquely

[65] Memorandum, Finger to Sec. Romney and Ass. Sec.Van Dusen, January 19, 1971, Housing Allowance Review Briefing Book, Applegate Papers, Box 4, Bentley Historical Library, University of Michigan.

charged with providing evidence in support of or opposition to Finger's assertion. As envisioned by Lowry and other advocates and implementers, the allowance tests were to serve in the question of discrimination as a thermometer to diagnose fever, not an antibiotic to treat one. In the 1970s, however, it would prove untenable to diagnose such a disease without indicating one's stance on a preferable course of treatment.

In the mid 1970s, two watchwords, affirmative action and equal opportunity, initially virtual synonyms, were being parsed into very different views on what government action was required to address racism, discrimination and segregation. In regards to housing, the Fair Housing Act, formally Title VIII of the Civil Rights Act of 1968, stated, "All executive departments and agencies shall administer their programs…in a manner affirmatively to further the purposes of [the Civil Rights Act of 1968.]"[66] In the lead up to, and immediate aftermath of, the Civil Rights legislation of the era, many people agreed with the position suggested by this wording. Positive affirmative action had to be taken in order to address segregation and the damage it had done to individuals and society. But others seemed more tentative. President Nixon is a clear example, his "right to choose/ ability choose" adage on housing choice was counterbalanced by a pronouncement that "forced integration" in housing was "just as wrong" as legally mandated segregation. In the Supply Experiment, HUD (and RAND as well) added to this preexisting tension the condition that, as Jerry Fitts of HUD's Division of Housing Research put it, "the experiment must remain neutral on outcomes."[67] This position virtually guaranteed that the experiment, should it be noticed by Fair Housing advocates, would be found wanting in its discrimination protections, since there was nothing affirmative about neutrality on outcomes.

[66] *The Civil Rights Act of 1968,* P.L. 90–284 §2-202

[67] Memorandum, Jerry Fitts to Charles Orlebeke "Special Report No. 45 on the Experimental Housing Allowance Program" EHAP R&D Housing Assistance Research 1975 Folder, Box 5, Charles Orlebeke Papers, Ford Library, p. 2.

Perhaps all too aware of the administration's reticence and the public's rising opposition to programs that affirmatively acted to integrate or just desegregate public services from housing assistance to schools, The National Association for the Advancement of Colored People (NAACP) seized the moment in South Bend and took exception to the implementation of the program almost as soon as open enrollment began.

Across several months of high-level correspondence between William Morris, the national housing secretary of the NAACP, and assistant secretaries of at HUD, the NAACP raised a number of concerns about the "racial considerations" of EHAP, ranging from questioning whether minority-hiring standards were being followed for housing allowance office staff to whether minority contractors would be afforded the chance to bid on major repairs undertaken as a result to the program.[68] The NAACP's biggest concern, however, was for the programs impact on residential segregation. Believing center city whites would have greater mobility using an allowance than black, they worried that "the program might be tailor made for white homeowners who could flee to the suburbs with the added housing funds and lave a concentration of blacks in the city's center."[69] Another concern, one that HUD compelled to address, was that without the participation of the white suburbs, particularly the city of Mishawaka, the program constituted government support for defacto segregation in violation of the Fair Housing Act of 1968, which mandated that HUD "act affirmatively to further" equal housing opportunity.[70] Political pressure was heightened by the fact that the local chapter of the

[68] Letter, William Morris to Charles Orlebeke, March 23, 1976, EHAP R&D Housing Assistance Research 1976 Folder, Box 5 Charles Orlebeke Papers, Ford Library.

[69] Jeanne Derbeck, "Demolition Pushed for Southeast Side" *South Bend Tribune*, March 7, 1976 reproduced in O'Nell, *Monitoring the Housing Allowance Program; Jan.- Jun. 1976*, p. 36.

[70] Letter, Jerry Fitts to William Morris, October 24, 1975, EHAP R&D Housing Assistance Research 1975 Folder, Box 5, Charles Orlebeke Papers, Ford Library.

NAACP was the head of the state NAACP's housing chair, and RAND's observer viewed the state chair as having a strong connection to the national NAACP housing chair, William Morris.

All of this meant that even without strong community objections, these concerns held sway at a high level, and threatened the kind of public relations disaster that RAND's design for the supply program took such pains to avoid. The resident observer's reports regarding the actions of the NAACP certainly reflect the surveillance mentality called for by Lowry's contingency plans when observing potential sources of insurgence against the program. The site monitor noted the hierarchy of the local group NAACP as well as possible divisions within it that might be exploited to defuse the situation, as well as identifying sources of its influence. The observer blamed William Morris for "spark[ing] additional controversy" when he paid a visit as the NAACP was threatening to file for an injunction to stop the program in the summer of 1975, just months after open enrollment had begun.[71] The threat of an injunction led to a meeting in September of 1975, between Morris, Jerry Fitts, the Director of Housing Assistance Research at HUD and Tom Jenkins, HUD's Assistant Secretary for Equal Opportunity. The NAACP's objection to the Supply Experiment in South Bend was the sole topic of conversation. Fitts provided Charles Orlebeke, who oversaw EHAP for the Department of Housing as the Assistant Secretary for Policy Development and Research, a letter summarizing the meeting, across which he handwrote and underlined "Important" on the first page.[72] In the end, HUD believed that Morris "appeared mollified"[73] by the meeting and an agreement to conduct an equal opportunity

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[71] Shanley and O'Nell, *Monitoring the Housing Allowance Program; Apr.- Aug. 1975*, pp. 8–9.

[72] Letter, Jerry Fitts to William Morris, October 24, 1975, EHAP R&D Housing Assistance Research 1975 Folder, Box 5, Charles Orlebeke Papers, Ford Library.

[73] Memorandum, Jerry Fitts to Charles Orlebeke "Special Report No. 45 on the Experimental Housing Allowance Program," Orlebeke Papers, Ford Library, p. 2.

review of HUD programs in South Bend, but they underestimated the NAACP's concern for the experiment in South Bend and for the EHAP as a whole.[74]

Further conflict over the South Bend site was averted as the white suburbs changed their minds about the program. A series of small white suburbs joined the allowance program in late 1975. Then a newly elected City Council in Mishawaka reversed the previous council's position and joined in March of 1976.[75] At the news of Mishawaka's reversal, Morris launched into action, sending a telegram Charles Orlebeke, the assistant secretary directly overseeing the housing experiment, as well as James Blair, the HUD assistant secretary for Equal Opportunity, asserting that "RAND has not submitted nor has HUD approved a revised Affirmative Fair Housing Plan to address important racial concerns resulting from Mishawaka's entry into the program." He accused the agency of noncompliance with the Fair Housing Act if it had allowed operations to expand without such a plan. Orlebeke responded with a letter stating that the revised plan had been submitted to ensure that "area-wide opportunity is truly available."[76] Along with the letter, Orlebeke provided Morris the fair housing plan itself. These steps were mostly effective in neutralizing the conflict surrounding the Supply Experiment itself, but as will be discussed in Chapter 5, the NAACP raised broader concerns about EHAP and how the

[74] Jeanne Derbeck, "HUD Report Reaps Anger" from *South Bend Tribune*, June 23, 1977 reprinted in Briefing Books, Research Policy and Development, Housing Assistance Supply Experiment folder, Box 28, Patricia Harris Papers, LOC. The compliance review results only became public in the context of the previously discussed dispute with the SBHA because of findings of improper minority hiring at the Housing Authority that we a part of the review findings.

[75] O'Nell, *Monitoring the Housing Allowance Program; Sept.- Dec. 1975*, 6–7; O'Nell, *Monitoring the Housing Allowance Program; Jan.- Jun. 1976*, 6. In addition, see Jerry Fitts, "Special Report No. 46 on the Experimental Housing Allowance Program and Other Housing Assistance Research," March 25, 1976, EHAP R&D, Housing Assistance Research 1976 Folder, Box 5, Charles Orlebeke Papers, Ford Library.

[76] Orlebeke to Morris, Letter, April 9, 1976, EHAP R&D, Housing Assistance Research 1976 Folder, Box 5, Charles Orlebeke Papers, Ford Library.

experimental findings would be evaluated, once the Mishawaka controversy was resolved. The disparate language in the correspondence, however, in which Morris emphasizes the "affirmative" obligations while Orlebeke expresses commitments to "opportunity" underscores the tension between competing visions for implementing civil rights law that would roil administrations, agencies and advocates for at least a decade until it became clear through verdicts like the *Baake* decision that opportunity would prevail in most instances.

Looking back, there is evidence support the NAACP's misgivings about allowances and the Supply Experiment. Most damning is certainly the evidence of from contingency plans, in which Lowry simultaneous charts a path to pull back from the promises of equal opportunity, let alone affirmative action to ensure mobility in an extreme crisis. Lowry in that contingency planning wonders about the morality and legality of such a pull back, but nevertheless outlines the steps that could be taken. HUD's internal correspondence about the situation with Morris and the NAACP makes it obvious that although affirmative action would never be pursued in the experiment, HUD did not want to make that fact plain to civil rights and housing advocates. In an October 24 1975 letter to Morris, Jerry Fitts offered to "discuss possible affirmative action approaches which go beyond the equal opportunity support currently provided" but cautioned that changes in procedure had to be "viewed in the context of maintaining the integrity of research design."[77] However, when describing this meeting to Orlebeke, Fitts asserted that "the experiment must remain neutral on outcomes" and none of the steps "to produce significant gains in integration of neighborhoods" that Morris wanted would be taken.[78] The contrast in these

[77] Letter, Fitts to Morris, October 24, 1975, EHAP R&D Housing Assistance Research 1975 Folder, Box 5, Charles Orlebeke Papers, Ford Library.

[78] Memorandum, Jerry Fitts to Charles Orlebeke "Special Report No. 45 on the Experimental Housing Allowance Program," EHAP R&D Housing Assistance Research 1975 Folder, Box 5, Charles Orlebeke Papers, Ford Library.

statements for different audiences makes clear that Morris was being led to believe that changes were being considered which were certainly not, and that affirmative steps were not going to be taken in South Bend.

Yet even without a crisis, it is clear that the experimental proposition of neutrality placed limits on efforts to address discrimination in the Supply Experiment, and that this likely limited any meaningful equal opportunity. Evidence about efforts to ensure equal opportunity, that is, to ensure that Black and "Chicano" participants were as able to the find housing with an allowance as white participants, emerges from the handbook of office procedures RAND wrote for the allowance offices in South Bend and Green Bay, and also from the annual reports of the HASE.

The extensive handbook of allowance procedures, which was drawn up in Green Bay but used in both sites, includes in its closing pages several sections referencing equal opportunity in their titles. These sections comprise about 25 pages of the more than 600 page handbook, and overcoming or prosecuting discrimination to ensure equal opportunity for program participants is not, however, the major focus even of these sections. To the contrary, a description of what the housing allowance office would *not* do in helping clients find housing frames these sections, in order to emphasize the client's role as an independent actor. Accordingly, the handbook outlines that while the allowance office offers information sessions "the HAO [allowance office] at no time implies that the use of such services is required….does not recommend or endorse any particular suppliers of housing services… [and] does not participate directly in any negotiations, dealings or transactions between clients and suppliers of housing services."[79] Instead, information sessions to be offered to the participants mainly focused on topics from basic household repair to home purchase.

[79] Katagiri and Kingsley, *The Housing Allowance Office Handbook Housing Assistance Supply Experiment*, 17.01 (2–3).

Attention to the actual pursuit of discrimination claims and proactive efforts to prevent discrimination filled just a few pages, and the content makes clear the way in which free choice on the market shifted the burden of securing the right to fair housing opportunity off of the allowance office and landlords, and onto the participant. Echoing the HUD position articulated by Orlebeke, Allowance office staff manuals stress that "opportunity" is to be equal so that the same "access to housing choice enjoyed by households of similar rent-paying capacity, regardless of their race, color, religion, sex or national origin." Even in cases of perceived discrimination, the allowance office only provides "the opportunity to call the HAO [allowance office] and get clarification on your rights. [Services] may also include legal assistance where appropriate." It was left to the participant claiming discrimination to provide evidence supporting the claim, which the allowance staff would then ensure was investigated.[80] Such a policy, first issued in May of 1974, underscored how limited an interpretation of the Fair Housing Act was possible at a point long before it was clear how proactive HUD would be in "affirmatively furthering" the goals of the Act in the other elements of federal housing programs. It also drew a line through Harold Finger's optimistic assessment that shifting housing assistance onto the private market would make violations civil rights law more clear. Shifting the ground in fights over desegregation of assisted housing from NIMBY opposition to housing projects to "discrimination against individual families" did not make violations more clear-cut. While race and gender discrimination were illegal, many other household characteristics, such as marital status, age, having children and indeed just being an allowance recipient were all perfectly legal reasons to discriminate, and thus represented easy cover for landlords looking to reject tenants without running afoul of the Fair Housing Act.

[80] Katagiri and Kingsley, *The Housing Allowance Office Handbook: Housing Assistance Supply Experiment*, p. 10.04(29).

The passive stance of the allowance office left recipients, acting independently on the free market, to parse legal and illegal discrimination and gather evidence, all while fully engaged in a search for housing that met the allowance program requirements. The allowance office did provide an overview of relevant discrimination law to allowance recipients, but only in optional sessions also covering many other subjects that few participants attended. The push to the free market and individual choice thereby had a real and negative impact on the ability of participants to access civil rights protections. Without a proactive intervention, the equal opportunity position shifted the burden for knowing the law and showing evidence for discrimination onto the individual, who was at a dramatic disadvantage in terms of both information and power in the market. For example, an individual Black woman, told she would not be rented to because she had children, would have no way to know whether this was true and therefore legal, or a lie and therefore illegal discrimination. The housing office, however, could have adopted a program of using similarly situated testers, such as white woman with children inquiring about the property, to evaluate the landlord. Ironically, in an experiment focused on data and its power for making decisions, the data necessary to ascertain if equal opportunity and freedom of choice actually existed for allowance participants was not generated. No such testers were used in HASE. The stark reality was that allowance participants belonging to legally protected classes exchanged access to civil rights protection via their protected class status for "freedom of choice" as individuals the market, and in the market, housing providers maintained the right to legally discriminate against any individual or household for a host of reasons.

The only major affirmative intervention of the allowance office was to provide "escort services" provided by allowance or local advocacy organization staff to clients, a curious decision given that one of the major benefits of the allowance program, and a purported key piece of leverage in the market for participants was anonymity, which would certainly be sacrificed if a participant arrived to view a unit escorted by allowance staff. Escorts required that participants give up both the dignity the leverage of market anonymity, and in order to secure the protections of civil rights law. This arrangement presaged on a micro-level the exchange that would have to be made on grand scale if, as was already beginning to occur, allowance-based assistance came to predominate housing assistance. Participants could have dignity or stigma, confidential choices on the free market or protection of their civil rights. Neither HUD nor RAND made an effort to provide participants with knowledge and skills that might allow them to evade potentially discriminatory lines of questioning by landlords or other housing suppliers and thereby improve their chances of securing housing independently.[81]

If participants did not employ the escort services, and there is no indication that participants used the service, they and not the agency, were responsible for collection of relevant evidence of any discrimination sufficient to persuade the local fair housing attorney (in South Bend, this was the Legal Aid Society), that there was standing to pursue legal action. The allowance handbook indicates that the agency would provide investigators if needed, but the initial burden to identify, preserve and document evidence of discrimination sat with those seeking housing who made a "complaint." While it can be imagined that tenants accurately perceived when they had been discriminated against, the distinction between legal and illegal forms of discrimination was a fine one, and one that evolved through both legislation and case law over the course of the supply experiment. The expectation that participants in the allowance program, or any other prospective tenants, might be able to successfully identify what actions

[81] For a discussion of such a program of training to circumvent discrimination, please see the chapter on the Administrative Experiment and the efforts of the Springfield housing assistance program.

crossed the threshold into illegal discrimination was a high expectation to set for an agency itself charged to affirmatively act in furtherance of the Fair Housing Act. It also left participants to perform a difficult cost/ benefit analysis of the trade offs between the investment of time and resources required to pursue legal action and that required to find their new home. Individuals and the federal agency faced very different calculus when it came to making this decision. The results are evident in surprisingly low number of discrimination claims made in the supply element. In the end, fewer cases of discrimination in the Supply Experiment were pursued against landlords than cases of fraud against participants in the experiment, and while some cases were remediated with outcomes that favored tenants, there is no evidence that any participant won a criminal case. The overwhelming majority of discrimination claims were discarded before legal or out-of-court action was taken against the accused landlord. Increasingly, allowance-based assistance was seen as a tool that circumvented, rather than confronted, housing discrimination, segregation, and the attendant racial tension. Charles Orlebeke made this position explicit in a 1976 memo to Carla Hills, who had become HUD Secretary the previous year, in which he advocated an allowance approach in particular be used in places where racial tension made new subsidized construction because allowances allowed "people with their various hang-ups [to] sort themselves out in the housing market."[82] While the legality of this position would be contested in the courts for years to come, it had been implemented in the Supply Experiment before Orlebeke articulated it formally to Hills, and with no public outcry, it presaged the policy that, in the eyes of many advocates and scholars, came to dominate HUD's approach to fair housing.

[82] Memorandum, Charles Orlebeke to Carla Hills, "Comments on Site Selection and Neighborhood Standards for Subsidized New Construction" August 5, 1976, Site Search Criteria (1) folder, Box 13, Orlebeke Papers, Ford Library, p. 2.

Conflict over discrimination, equal opportunity, and affirmative action never found real resolution. For different reasons, the stalwartly neutral social scientists at RAND and wary policymakers at HUD were loath to take the steps that housing advocates pressed them to take. The tension built into policies of choice, mobility and desegregation would continue to cause HUD policy and legal problems throughout the next decade, most notably in the *Gautreaux* cases, in which NAACP's vision was finally implemented a consent decree after more than a decade of legal battles. In the terms of the decree, HUD's perpetuation of defacto segregation in central Chicago was addressed with a program of housing vouchers that could only be used in areas of low-minority population. This requirement inverted head notions that the free market choice and voluntary mobility of allowance would alone fulfill legal mandates for fair housing and social policy goals such as deconcentration. The *Gautreaux* cases, however, prove more of an exception that a rule in a housing assistance regime that sanctions set asides by building and neighborhood for modern day "housing choice voucher" recipients.[83]

Conclusion: No remedy for "projectitis"[84]

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[83] A complete discussion of these developments appears in the concluding chapter of the dissertation. In terms of language, it is notable here that in the case of the *Gautreaux* decree the voucher that provided the housing also takes away the choice. The same scenario is often played out in cities where only a certain few buildings are built to the exact specifications of the voucher, and other units do not accept the vouchers, creating exclusionary zones on the basis of housing assistance status rather than membership in any protected class.

[84] President Ford used this term in his August 22, 1974 statement on the signing of the Housing and Community Development Act of 1974 to describe why allowance-type programs should be used to heal the afflictions created by government housing projected build with federal subsidies. It is not clear whether the term describes the "social decay" associated with high concentrations of poor non-white families or the concentration itself. Ford statement was that "projectitis will be reduced and freedom of choice will be enhanced…" by adoption of direct cash housing assistance. The statement is included in a briefing book for a trip by President Ford to one of the EHAP sites in the Demand element; "Pittsburgh, Pennsylvania Briefing Book" White House Central File, FG 24, Oversized no. 2496, Ford Library.

In 1973, RAND's operations in Green Bay ended, and six months later in South Bend, RAND concluded its research operations and handed responsibility for the allowance office and recipients over to a local staff and board of directors. In five years, they executed hundreds surveys of landlords, tenants and homeowners of in each area with the intent to measure the impact of the allowance program on the markets. What they found was precious little impact at the market level, and limited influence even on the mobility of the families who participated, a majority of whom owned their homes and so neither moved within or outside their neighborhood, nor generated a demand to which the housing market could respond. Given that only one-third of eligible households participated, the fraction of renters who could stimulate a market response was nominal as well.

These outcomes were more than just the results of a neutral experiment. In a series of decisions, some clear, less perceptible, the HASE was telegraphing the ways in which the free market and the notion of "choice" were limiting, rather than expanding or even securing, the civil rights protections that HUD was bound to protect by the Fair Housing Act. In particular, it is hard not to read the decision to try the experiment in two areas so removed from the problems of large metropolises with major social and demographic upheavals as the triumph of a kind of inertia in which the "experiment" ceased to be neutral and instead became what Lowry said he did not want, a mere proof that catastrophe could be avoided in order to provide the political cover to go forward. Over the years of the experiment, however, the political orientation of what was being covered shifted. The desires of the social scientists and policy advocates who argued forcefully for a test, for an experiment to show what could be done differently were not to be borne out in the Supply Experiment, either in the results or, at times, in the execution.

The great allowance advocate Ira Lowry wrote in the final report on the HASE that the program had amounted to an "incentive payment for compliance" with housing codes in units occupied by low-income families, which was efficient in terms of channeling federal assistance dollars to needy families but did "not contribute much to other objectives of federal housing policy, such as neighborhood improvement, racial and economic integration, [or] home ownership…" The problems that an earlier era hoped allowances might remedy, from "projectitis" to integration, remained as Lowry put it, in the typically euphemistic language of the official Supply element reports, "intractable to a formidable array of ameliorative programs."[85] In spite of this dismal appraisal by their leading supporter and half a decade of evidence to support his assessment, allowances emerged as the leading form of housing assistance in the 1980s, as the HASE and all of EHAP drew to a close. The tale of how that policy irony emerged as national political winds blew policy to the right in the late 1970s, cemented with the election of Ronald Reagan will be discussed in Chapter Five.

[85] Lowry, *Experimenting with Housing Allowances*, p. 61.

<u>**Chapter Four**</u>

Local Bureaucracies and Approaches to Race, Class and Gender in the Administrative Agency Experiment (AAE)

Introduction

In April of 1973, a new housing allowance program was flown into the public imaginations of Jacksonville, Florida, by a caped, afro-wearing cartoon superhero called "EHAPman." The Jacksonville allowance program's mascot, EHAPman was featured in print advertisements featuring the superhero flying over a dark skyline of apartment buildings declaring "Follow me to [the program offices at] 124 West Ashley Street and get all the information!," about the new program offering an alternative to living in subsidized housing built by the government. Unfortunately, Jacksonville's housing was so deeply segregated, and the agencies housing code enforcement so strict that the cartoon superhero and his allowance program struggled and ultimately faltered. By the end of the program's first year, it was making payments to only 338 of an intended 900 families. Worse yet, out of 677 Black families who signed up to participate, only 145 had to found and moved into unit of sufficient quality that was also willing to accept them. The town's housing for African Americans was in too poor of a condition to qualify, and the rest of the housing stock was essentially off limits to Black families. Unwilling to simply let the Jacksonville experimental site falter, HUD, the federal Department of Housing and Urban Development, stepped in. They issued a new marketing campaign, targeting the low-income white families of Jacksonville, who might be accepted as tenants for units of the quality the program required. In a nod to the new target demographic, new ads replaced EHAPman with a new cartoon: a teary-eyed blob called Charlie whose straighter, light brown hair was cut from a photograph while the rest of him was hand drawn. As it turned out, Charlie fared marginally better than EHAPman, and the Jacksonville program never enrolled its target number of households. To explain the dismal outcome in Jacksonville, researchers pointed to the ease with which racial and gender discrimination could be camouflaged behind other, more acceptable forms of discrimination. They found that the agency staff often avoided addressing local racism, for example by avoiding telling landlords that most participants were African American and that compliance with Fair Housing Laws was expected. Researchers said that the kind of help needed to overcome pervasive resistance from Jacksonville's housing suppliers was beyond the scope of the allowance program protocol.[1]

Also in April of 1973, Springfield, Massachusetts rolled out a new housing allowance program, but with a very different approach to discrimination. In Springfield, efforts to enable participants to secure suitable housing and handle discrimination were head on, not filtered through cartoon representations of race and avoidance of race issues when dealing with landlords. Springfield allowance program staff provided a training called "Avoiding Discrimination" to participants searching for new homes. The training taught that if participants how to overcome the hesitation and resistance to landlords. If, for example, a prospective landlord asked about the participant's husband and his employment, they were to avoid direct answers that revealed unfavorable information. Instead of disclosing that they were divorced or their husband was unemployed, they might say, "Oh, well I just want to ask about the apartment first, because if it isn't suitable for me, there's no point getting into all that." If the landlord would not drop the question, then they were encouraged to say something like "I don't really like

[1] William Holshouser and Abt Associates, *Report on Selected Aspects of the Jacksonville Housing Allowance Experiment* (Cambridge: Abt Associates, 1976); Jacksonville Housing Authority, *Agency Final Report, Housing Allowance Program* (Jacksonville: The Dept., 1975). EHAPman cartoon appears on page 231 of Houlshouser's report, while the brochure featuring Charlie is included in an appendix to the *Agency Final Report*.

to talk about personal matters on the phone" and suggest discussing details "face-to-face" when viewing the available unit. Moreover, they were trained to establish at the very beginning of an query that the unit was available, and to ask for the name of the person they had spoken with and who had agreed to show them the unit. These details would be important facts if a legal discrimination case later arose. These skills were taught by playing two audiotapes of women calling to ask about available apartments. One featured a woman using these avoidance methods who secured an appointment to see the apartment she was interested in renting. The other call featured a woman who freely revealed that she was divorced and on welfare, even sharing the amount of support she received. After these disclosures, she was told by the landlord that "a couple came to see [the apartment] this afternoon" and was to return in the morning with a security deposit. "So you know, why waste your time lady," the landlord says, adding that no other units are available either. This anti-discrimination training was not the only practice that set Springfield's allowance program apart. The participant training was matched by a plan for investigating discrimination when it did occur that involved the use of discrimination testers to replicate and document discrimination reported by participants. Under this system where the agency and the participant shared the responsibility for handling discrimination, the agency even brought a class action lawsuit for discrimination against one of Springfield's large apartment management companies. Remarkably, even with this assertive discrimination program in place, Springfield successfully enrolled 852 families, just 48 shy of the 900 family target set by HUD.[2]

At first, there may seem nothing surprising about a tale of a progressive housing program

[2] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974* (Cambridge: Abt Associates, 1974), p. 51; The dialog of the anti-discrimination training calls and a description of the field testing program appears in Amy Anthony and Massachusetts Dept. of Community Affairs, *Massachusetts Experimental Housing Allowance Program: Final Report* (Springfield: Commonwealth of Massachusetts Dept. of Community Affairs, 1975), Appendix L.

in the northeast or of resistance to housing desegregation in the South. But the allowance program experiences represent more than that. In the history of a regime change in the form of government assistance for low-income housing from project-based housing to voucher programs relying on the free market, these anecdotes shed light on the quotidian, local level implementation of that new policy. Key actors in any non-experimental program, local staff and bureaucracies were entirely absent from the other two aspects of EHAP. The shift to direct consumer subsidies was initiated by the federal government but implemented by regional bureaucracies. These bureaucracies attempted to make the approach both suitable to and successful in local social realities that varied in expectations and assumptions about class, and in how race and gender further determined social hierarchies and the place of assisted families in them. While the form of housing assistance was determined at the federal level that policy was implemented at the local level, and the dramatic changes the EHAP contemplated for national policy would be shaped and perhaps challenged at that level. The two anecdotes about begin to suggest the wide and significant variations in allowance program implementation that are the focus of this chapter.

The Administrative Agency Experiment sites, as part of the Experimental Housing Allowance Program, were among the very first programs where local bureaucracies grappled with the use of allowances for housing. The use of experienced local agencies that were given wide latitude to implement allowances, as evident in Jacksonville and Springfield, made the AAE unique among the EHAP elements (and problematic from a research standpoint). The result of that unique design, as this chapter will illustrate, was the emergence of highly localized programs reflecting the social norms and expectations of the eight cities chosen for the AAE. Spread across the country, the local staffs often embraced the allowance philosophy and all displayed remarkable dedication to the allowance program's execution. At the same time, they unfailingly chose to modify the program to reflect and suit their bureaucratic understandings of local views and assumptions about the poor. The modifications made reflect beliefs and often unspoken institutional knowledge about certain kinds of poor people, particularly people of color, unmarried women, welfare families, and the elderly who were perceived to have unique limitations as a result of these characteristics. The use of the free-market in the new approach was imagined to allow neutrality or "equal opportunity" with respect to race and gender identity and to equalize economic power between assisted and unassisted households. However, it is clear from a historical examination of the AAE that neither the federal nor local bureaucracies that put poor families onto the market were up to the challenge of subverting existing and unequal hierarchies of race, class, and gender. At best, as in Springfield, the agencies might assist and support participants in efforts to succeed in spite of those hierarchies. The agency staffs were a part of the status quo and did not seek to upend it, even at a moment of social and legislative upheaval and uncertainty with respect to civil rights, fair housing and gender equality. In this chapter, I suggest that, well below the radar of federal policy debates, the AAE agencies were positioned at the intersection of these two forces, policy and social change on the one hand, and existing knowledges and bureaucratic practices on the other. As a result, agency staffs grappled with crucial social and political questions about the poor, women and people of color. My contention is that these local approaches in the AAE presaged many of the practices that became common as free market-based, allowance-type programs came to dominate government assistance programs. As housing agencies were charged with implementing nationwide demand-side housing programs like Section 8 in the 1980s and beyond, they addressed issues of race, class and gender in just ways that the AAE agencies had first done beginning a decade before.

The recreation of structures of discrimination through agency practices highlights just how radical the original concept of housing allowances was, and how brief the moment social instability and uncertainty in which Congressional authorized the allowance experiment. The AAE agencies implemented their local allowance programs in the years immediately following major advances in civil rights laws regarding race and gender as well as the major urban uprisings. All these occurrences challenged multilayered systems of discrimination, and agencies tended to fill the void created by that challenge with practices that reflected what they already knew or believed they knew about the poor, especially those who were women and/or people of color. Once in the hands of existing bureaucracies rather than in the plans of policy advocates or the hypotheses of research staffs, the allowance program absorbed aspects of resilient regional "commonsense" and bureaucratic "common knowledge" about the poor, women and minorities. Prior experience with welfare programs and other non-free market assistance, like project housing, led the agencies to anticipate that AAE participants were ill-equipped to find housing on their own. They also anticipated that their communities would not embrace compliance with new civil rights laws and demands. As a result, AAE agencies often addressed changes in law and expectations about race, gender and class through proxy and euphemism. Agencies more often settled on an advertising campaign featuring a diverse set of cartoon characters than on providing training on how to evade landlord questions about marital and welfare status. They selected an elderly white widow as the face of the program rather than a single black mother, seeking to distinguish allowance recipients from stereotypes of the latter, stigmatized identity. The choices made by AAE agencies, however, highlight the rapidity with which new practices and hierarchies emerged to recreate the structures of discrimination that had been undone or immobilized by community advocacy, legislation and urban uprisings.

The agency practices, marketing, counseling, fair housing programming and case studies this chapter examines were embedded with norms and beliefs that, first in the AAE and then in subsequent market based housing programs, curtailed the radical potential of allowances. These views about women, people of color and the poor led to practices that circumscribed the limits of citizenship for members of the protected classes who received government assistance via the free market. Although the experiment was designed to produce data relevant to a national program, the latitude provided by HUD and the research institutes allowed agencies participating in the AAE to generate localized, often tacit approaches to assistance for people of disfavored race, class and gender status. The agencies did so in an environment where legal mandates were frequently at odds with bureaucratic beliefs and local sensibilities.

This chapter analyzes those beliefs while charting a chronological narrative of the administrative element of the allowance test from the time Abt Associates finalized its contract with HUD to the final reports on the AAE. Through that narrative, I trace the details of the AAE's design, as well as the site selection and program roll out in the selected eight cities. I analyze the analysis done by Abt Associates, noting how an emphasis on assigning variations retrospectively limited the incorporation of AAE data into broader EHAP analyses. I also reexamine aspects of the program that that were less emphasized in Abt's effort to assess variations. In these areas, including methods of payment provision, counseling services, marketing practices, and fair housing programs, the difficulty of negotiating the sociopolitical terrain of the 1970s without running afoul of either new legal mandates or societal expectations about government assistance is clear. Finally, in this chapter I look at the distinctive use of case studies in the AAE, reading the use of case studies as further evidence of the difficulty of representing race and gender difference among the poor at a time of social instability and bureaucratic transition. In the use of case studies, further evidence emerges of what I see as emergent trends in bureaucratic approaches to race, class and gender issues raised by conflicting legal mandates and social norms.

Unlike the other EHAP elements, the AAE foreshadowed what was to come in market-based government assistances programs, not just in housing, but in the 1970s, 1980s and beyond, in welfare, education and even immigration. What has come to pass in subsequent market-based housing programs, such as the Moving to Opportunity demonstrations and Section 8 or "Housing Choice Vouchers" program, is in many respects a striking reversal of the original allowance vision. It is, however, quite similar to many of the programs run by the AAE agencies. Contemporary housing subsidy programs, while considered "market-based," in fact use the free market only nominally. Units accepting allowances are often located in buildings built to program standards, and in geographic areas not favored by those with more leverage in the market. These practices create a virtual submarket for housing voucher holders.[3] Further, these programs provide payments directly to landlords, sacrificing the confidentiality and anonymity that early allowance advocates saw as essential removing the stigma of government aid. The programs often provide services viewed by early allowance advocates as demeaning, debilitating to recipients, and as weakening their ties to and skills in the private housing market. In the Moving to Opportunity program, for example, these services include matching willing landlords with voucher recipients, and the compulsory "choice" of new housing in areas with certain racial or socioeconomic demographics. These services almost entirely excise participants from the free market transaction, and eliminate the option to remain in one's own neighborhood with improved

[3] This issue is discussed extensively in Chapter Five. See Margery Austin Turner, Susan J. Popkin, and Mary K. Cunningham, "Section 8 Mobility and Neighborhood Health" (presented at the Symposium on Section 8 Mobility and Neighborhood Health, Washington, D.C.: Urban Institute, 2000), http://www.urban.org/publications/309465.html. Accessed 08-10-2011.

financial resources.[4] Irrespective of one's view of these changes, they deviate significantly from the allowance concept as originally conceived by architects of the EHAP experiment and other supporters of the policy in the late 1960s and first years of the 1970s. Many similar practices were adopted by the agencies of the AAE long before market-based aid became widespread, and long before the submarkets for Section 8 housing vouchers arose and voucher demonstration program Moving to Opportunity remade housing "choice" to include compulsory relocation to a neighborhoods with a lower poverty rate. A decade before Moving to Opportunity, AAE agencies and program participants had to address free market challenges of deep and enduring significance for low-income families, especially women and people of color that the federal government often could not or did not address.[5]

Design and Implementation

From the very beginning, it was clear that the AAE would be quite different from the other two allowance experiments. Officially, the purpose of the AAE was to examine "various methods of administering a program of direct housing assistance."[6] However, the authors of the Urban Institute's final report on EHAP assert that the AAE was created belatedly at the behest of George Romney and that its purpose was less scientific than political. The Urban Institute report

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[4] Xavier de Souza Briggs, Susan J. Popkin, and John Goering, *Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty* (Oxford University Press, USA, 2010) provides an account of the administration and mixed outcomes of the MTO program.

[5] Sources for this chapter include the archival papers of bureaucrats involved in the experiment at HUD and Abt Associates, as well as reports by those entities, and the final reports produced by the local participating agencies themselves. These agency final reports are particularly important sources, as they contain many of the actual forms and materials used in the program, as well as direct statements and recommendations from the agency staffs.

[6] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *First Annual Report on the Experimental Housing Allowance Program* (U.S. G.P.O., 1973). p. 25.

states that Romney required the AAE be added to EHAP because he wanted to generate support among government agencies for what he believed was the eminent announcement of a nationwide direct housing assistance program by the Nixon Administration. Romney reportedly hoped that exposing existing local government agencies in eight of HUD's ten regions to an allowance-based program would head-off any resistance to a transition to allowances from unit-based housing. According to the Urban Institute report, the ultimate goal of AAE was "to build a political constituency for a major shift in housing policy" and within that constraint to learn what could be learned.[7] That intention is quite different than the avowed neutrality on outcomes that HUD elsewhere said what the mandate of the experiment, which researchers were obliged to uphold. The program as designed by Abt Associates staff shows no irrefutable, direct evidence of this political orientation, but other aspects of the AAE design suggest it. The belated addition of the agency element, coupled with an accelerated timeline for its implementation lends some support, as does its form, as will be discussed shortly. Additionally, though the AAE was not discussed in the earliest experimental design plans; it was the first of the three elements to operate in the field, reflecting urgency uncommon in the methodical world of social science research. The AAE's emphasis on generating quantitative data via retrospective identification of salient variables set it apart from the rest of the allowance test as well. Whatever mix of politics and science in its origins, the design of the AAE study was very different from the rest of EHAP.

HUD Secretary George Romney called for the AAE to be designed naturalistically, meaning it did not follow the protocols of formal experimental design, including the use of a "control" group to which no treatment was given, nor were the variables to be analyzed, the "treatments" to be pre-assigned. Instead, agencies could use their own judgment to devise

[7] Raymond Struyk, *Housing Vouchers for the Poor: Lessons from a National Experiment* (Washington D.C.: Urban Institute Press, 1981), pp. 41, 45-7.

programs and researchers would categorize the choices them made after the fact. Abt Associates, often called simply "Abt," designed the study. Named for founder Clark Abt, Abt Associates shared with the other major EHAP contractor, RAND, an approach that applied systems analysis techniques derived from defense work to the great sociological problems of American society. Clark Abt founded Abt Associates in 1965. Clark Abt had himself worked with the Air Force on ballistic missile defense and at then Raytheon, a major defense contractor that also developed related technologies for consumer markets. He shared this defense background with Harold Finger, the first overseer of EHAP at HUD. From the start, Abt Associates brought systems analysis and other defense derived research methods to bear on social science research for government policymakers.

Abt's design was implemented in eight sites selected to reflect a cross-section of American cities, but without the intent of facilitating statistical comparison between sites. The cities selected for the AAE were Salem, Oregon; Springfield, Massachusetts; Peoria, Illinois; San Bernardino, California; Bismarck, North Dakota; Jacksonville, Florida; Durham, North Carolina; and Tulsa, Oklahoma. As the name of the program suggests, at each site the AAE was implemented by a local social service or city planning agency, rather than directly by Abt staff. In the AAE, these agencies were the focus of the study, where in the Demand Element, participants were the focus and in the Supply Element, the focus was on the housing market. Like the Supply Experiment, the AAE lacked a designated experimental control, but the AAE was yet another step removed from the rigorous scientific design standards of the Demand element. In the AAE, naturalistic design meant that there were no discrete variables set at certain levels at the outset and compared across groups. Instead, local agencies were given wide latitude in setting up a program based on a single set of parameters. Abt Associates researchers monitored the programs, categorizing variations to be compared only after the fact. This experimental design closely resembled the methods of previous demonstration projects and “Model Cities” approaches that Congress intended to avoid by mandating an “experiment” in 1970. As discussed in Chapter One, the design was controversial and very nearly led to the cancellation of the AAE by the White House Office of Management and the Budget, who saw it as frivolous and a-scientific. After determining site-to-site variations retrospectively, Abt researchers attempted to ascertain what impact those variations had on the success of an allowance program. They gathered quantitative data, but unlike the other EHAP elements, the AAE was initially intended to incorporate significant qualitative reporting as well. To that end, on-site observers were hired to create a qualitative record of the full first year at each site.

While its research goals and design were very different, the basic allowance program in the AAE was similar to other EHAP program elements. A research group, in this case Abt Associates, designed, monitored and collected data while a separate group of people executed the actual day-to-day program. Abt Associates proposed the basic outlines of the agency element of EHAP in a design submitted to HUD in February 1972, and finalized in November of that year. The important difference was that AAE used existing local agencies to execute the program, rather than creating a new and autonomous bureaucracy. The agencies paid participants allowances calculated using a payment formula based on the local “Fair Market Rent” as calculated by HUD for a given family/unit size which was expect to contribute 25% percent of household income to rent. The allowance amount was simply the difference between the Fair Market Rent and 25% of income. Households were to be recruited into the program so that the demographics of the participants in terms of race, income and household size reflected the overall demographics of the eligible population at each site.

The only aspect of the AAE systematically varied at the outset was the type of agency that administered the program, perhaps a nod to scientific design, but one that also served to spread knowledge of the allowance approach to various types of government agencies. Local housing authorities, social services boards, state community affairs departments and local boards of supervisors were chosen to administer the program using their existing bureaucratic systems, sometimes opening a separate storefront "face" for the experimental program so that existing perceptions of their agency would be less influential of opinions about the allowance program.[8] Abt Associates and HUD sought out and included two of each of the four agency types, which Urban Institute's final report later called the most significant "systematic variation" in the AAE.[9] Surprisingly, although agency type was the only systematic variation, neither Abt reports, nor in subsequent EHAP-wide reports ever analyzed its impact on outcomes. Analyzing outcome according to agency type is not suggested or referred to in the design documents either. In the end, it cannot even be said that agency type was irrelevant to outcomes, as that statement implies an analysis that was never undertaken.

Abt Associates and HUD chose sites that represented a range of population sizes, poverty levels and vacancy rates. This information, as well as the percentage of homes without indoor plumbing (then a common shorthand measure of housing quality) and the rental market vacancy rate, was codified in a table that Abt Associates used in many of its reports to highlight variation in the AAE sites. The implication of the table was that the program could be implemented successfully in a range of environments. While presenting the variations in a table presents the information with a scientific appearance, Abt's methodology did not allow for analysis of these

[8] For each site, this information is included in a table that Abt included at the beginning of many of its reports. For example, see Jean MacMillan and Abt Associates, *Outreach: Generating Applications in the Administrative Agency Experiment* (Cambridge: Abt Associates, 1977). p. 3.

[9] Struyk, *Housing Vouchers for the Poor*.

variations. The implication that the program could work in a variety of environments was impressionistic and not quantifiable. These variations were innate in the cities themselves, rather than experimentally generated, and the cities were neither a representative sample nor intentionally typical of any particular kind of metropolitan area. Additionally, Abt did not have the capacity to analyze any single variable in isolation, since no comparison city necessarily existed or had been identified to serve as a control. Finally, the experimenters could not manipulate the variations in vacancy rate, poverty level and other site characteristics because the program scale was too small. Salem, Oregon's program, for example, was administered by the city Housing Authority and encompassed only the immediate metropolitan area of 186,000 residents. Salem's Abt estimated vacancy rate and percentage of poor families were within the mid-range for all sites, at 7.2 and 7.9% respectively, as was its estimated 9% program eligible population. Salem had the second lowest proportion of minority families, at just 1.7%. In stark contrast, Jacksonville, Durham and San Bernardino, had much larger minority populations at 22.9, 37.6 and 23%. San Bernardino's included households with Spanish language surnames as well as African Americans. Jacksonville had the lowest vacancy rate of all sites, at just 4.0 percent. In Tulsa, only seven percent of the population would be eligible for the program, Durham and Jacksonville had double that figure.[10] These statistics make clear that while there was variety within the sites, the tremendous number of differences made establishing a causal connection difficult in any case.

In terms of bureaucratic management and oversight, the overall approach of HUD and Abt Associates in the AAE was hands-off. Each site was given a target number of recipients to

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[10] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974* (Cambridge: Abt Associates, 1974).

be enrolled with the goal of reflecting the demographics of area eligible households, ranging from 400 in Bismarck, North Dakota to 900 in larger metropolitan areas like San Bernardino County, California and Salem, Washington. HUD mandated the formula for calculating allowance payments and that an attorney be retained to address discrimination complaints. The instruction also required that recipients live in standard housing, the exact definition of which was determined locally. Each agency implemented the program based on those guidelines. The agencies, their staffs, and their interpretations of the program guidelines were the primary objects of study. Tenants, landlords and communities were to be observed but in a peripheral manner, with data collected as it related to agency practices, not tenant or landlord ones. The on-site observers who spent a year at each site created qualitative narratives of administering agency practices, office dynamics, relationships to other agencies, and interactions with participants. The agencies designed their programs based on their previous interactions with the community, some of which were more extensive than others. Local housing authorities in Tulsa, Jacksonville and Salem had significant relevant experience, while the state-level Department of Community Affairs that ran the program in Springfield, Illinois had almost no experience in the arena of social service assistance programs, and no real experience in the city of Springfield itself. In many cases, previous experience with local poor communities contributed significantly to the agencies sense of what was necessary to help participants find housing, and what social and economic realities hindered them previously. Race, class and gender all had strong, sometimes very different meanings in each locality, and to varying degrees each agency perceived itself as having tacit knowledge of those meanings that would need to be brought to bear on the experiment in order to succeed. The AAE was unique among EHAP elements in letting those meanings inform agency and staff practices, rather than, as in the Demand and Supply experiments, devising standard practices in order to minimize unintended variation.

Site Selection and Program Execution: Regional Diversity in the AAE

AAE program design and site selection had begun in February of 1972 and accelerated after April, when Abt signed a contract to execute the experiment. The criteria used to select sites focused on securing a variety of government agencies with reputations as successful program administrators, including state and local level housing agencies, agencies that worked in more than one jurisdiction, and agencies with a non-housing social service background. Within these constraints, HUD and Abt Associates sought a variety of market sizes, vacancy rates, levels of minority population, and other characteristics, like housing quality. The initial decision to pursue a site was made by Washington, D.C. HUD officials with input from regional HUD offices. However, local governments had to agree to host a site, and not all selected cities were willing. A site was planned for a Syracuse, New York, but as it had in the Supply experiment to a much greater extent, local government resistance arose, forcing HUD to find a new location. Ultimately, Tulsa, Oklahoma was selected as a replacement site.[11] Onsite observers spent a year living in the AAE cities beginning in November of 1972, observing local conditions prior to the start of the programs. The first site opened to enrollment in April of 1973, and enrollment ended at the last site in May 1974. "Steady-state" (post-enrollment period) operations, which commenced once target enrollment continued at some sites until May 1976. Their work began before participant enrollment so that they could record the start up process at each site. Agencies

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[11] Tulsa Housing Authority, *Experimental Housing Allowance Program: Final Report* (Tulsa: The Authority, 1975); M.G. Trend, *Housing Allowances for the Poor: A Social Experiment* (Boulder: Westview Press, 1978).

began transitioning households out of the program and into existing housing subsidy programs in April 1975, with all households to be transitioned to other aid programs or independence by June 1976.[12] The entire program operated for about four years, with any one site operating for only three of those years.

Despite the use of methodology out of step with the rest of EHAP, Abt Associates hoped that by delineating and analyzing the naturally emerging variations among agency practices, they would be able to determine what administrative methods were most efficient and effective in securing standard housing for eligible families. Thus, it was fervently hoped, the knowledge gained might enable a national program to avoid the administrative problems that were virtually synonymous with HUD's programs and those of many government agencies in the early 1970s. To that political end, HUD described the AAE to Congress in May of 1973 as a tool for avoiding problems including "inadequate program guidelines, poor administrative planning, and administrative ineptitude or abuse" that doomed other government efforts which seemed "well thought out conceptually" but proved otherwise in practice.[13] Without built-in experimental variables to be tested at the sites, the intent was to "determine, *post hoc,* what meaningful variations [had] occurred and what difference they made."[14] The difficulty with this approach was that without predetermined variation, there was no guarantee that data collected could be used to analyze salient variables and after the fact, the date might not be collectable.

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[12] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974*. pp. 11-16.

[13] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *First Annual Report on the Experimental Housing Allowance Program*. p. 25.

[14] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974,* p. 5.

While the naturalistic design might suggest an informal research plan, Abt in fact laid out a detailed plan for its research and data gathering. Since discrete, purposeful variations in program implementation and procedure were not instituted, some procedures varied little from agency to agency, while others varied widely. Variations were of most interest to Abt researchers, who seemed to have an eye towards useful innovation more than tried and true procedures. In order to identify variations, Abt provided that data and onsite observer notes would focus on fourteen discrete administrative functions. Functions to be observed included such program operations as outreach, eligibility certification, housing inspection, and payment distribution.

Researchers anticipated that variations in these functions would influence one of the two types of AAE program objectives: operational and qualitative. Operational objectives included numerical goals like accepting target numbers of applications, whereas qualitative goals were described as "treating people in equal need equally, maintaining the dignity of participants, and minimizing administrative costs and complexity."[15] Observed according to this systematic schema, natural variation provided comparative data to be parsed by researchers. Significant and relevant variations might still be lost in a solely comparative methodology, and for that reason Abt Associates planned to create a case study report for each site so that smaller program variations would still be recorded. Finally, the researchers intended to undertake specialized studies explaining statistical outliers from overall trends, such as what was the near failure of the program in Jacksonville, Florida. Quantitative and qualitative data from each site were intended form a composite picture of successful practices. Using qualitative data to parsing outcomes in terms of equal opportunity or "treating people in equal need equally" and preserving the dignity

[15] Ibid., p. 5.

of aid recipients reflected the nebulous meanings of those criteria. At the federal level, AAE data was generally analyzed as a quantitative composite of all site data, and then further aggregated into EHAP-wide data. This methodology caused qualitative data, similarities and outlier cases that reflected locally significant outcomes to be left out.

Defined by Differences: Abt Associates' Analysis of Agency Practices

While differences were amplified by Abt Associates' comparative methodology in order to create analytical leverage, universal practices, recommendations and common experiences were often overlooked because of the emphasis on differences. Examining the design and procedures at each site reveals much about the normative beliefs and practices of social service agencies that would be charged with administering any nationwide program. While such commonalities will are the focus of the section that follows this one, an example is illustrative at this point. All final reports of the eight AAE agencies included a recommendation that allowances not be made the sole form of government housing assistance, and an assertion that allowances alone could not meet the needs of all who would be financially eligible to receive one, particularly large families and the elderly. Despite that recommendation, plans contemplating a complete transition to allowances continued at the highest levels of government through the Reagan administration.[16] Continued interest in allowances did not lead to any major hearing, presidential report or HUD recommendation on housing policy incorporating these recommendations of the AAE agencies themselves. In fact, high-level advocacy of the allowance approach often called for allowances to be extended to the elderly first. The AAE agencies repeatedly raised concerns about the appropriateness of allowance payments in meeting the

[16] President's Committee on Urban Housing, *A Decent Home: The Report of the President's Committee on Urban Housing* (U.S. G.P.O., 1968), p. 31.

needs of the elderly.[17] Citing their tendency to be homeowners, reticence to apply, frequent limits on their ability to physically conduct a housing search, and a desire to provide additional services and opportunities for social interaction, agencies questioned whether the elderly would be well served by allowances. Ironically, it had been exactly that population, the elderly poor, who President Nixon argued, in a September 1973 speech should be the first priority in a new nationwide program. In that same speech, he pledged to use the results of EHAP to determine whether and how such a program could be put into operation.[18] Had his presidency survived, perhaps this information would have shifted his program, but no evidence to suggests that items like the agency-authored reports reached upper level policymakers who might act on their recommendations. While that is perhaps a common occurrence, it is notable that the AAE could be called into existence solely because the Secretary of HUD wished it so, and yet the results would overlooked just as summarily.

While difference was overemphasized in the analysis, Abt researchers' analysis of the impact of varied practices on meeting program goals did generate meaningful findings, especially with respect to regional differences in assumptions about the impact of race, class and gender on the merit and capabilities of participants. When Abt looked back at the data, the elements of design that seemed most varied among agencies included: the extent of housing standards' enforcement, levels of housing search assistance and counseling provided to enrollees, methods of payment administration, and efforts to prevent discrimination and protect equal

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[17] For examples, see the Tulsa Housing Authority, *EHAP Final Report, Tulsa*, pp. 38-9 and the Housing Authority of the City of Salem, *Experimental Housing Allowance Program: Final Report, January 23, 1973-January 20, 1976* (Salem: Housing Authority of the City of Salem, 1977), p. 57.

[18] Richard Nixon, "Special Message to the Congress Proposing Legislation and Outlining Administration Actions To Deal With Federal Housing Policy," *The American Presidency Project*, September 19, 1973, http://www.presidency.ucsb.edu/ws/index.php?pid=3968. Accessed May 18, 2013.

housing opportunity. In some cases, a single strong outlier among the site procedures fortuitously allowed contrasts in outcomes to be seen clearly.[19] Even when there were not strong outliers, agency explanations of administrative decisions and research data about those decisions suggested how a new government assistance program might be received in various regions of the country. This insight was unique to the AAE because the other elements of EHAP operated in experimentally-mandated isolation, outside the existing government assistance infrastructure and with employees who acted first as research staff rather than as the counselors, case workers or social workers who dominated existing government aid programs. The AAE results made it clear that existing assistance bureaucracies would not only impact the program's chances for success but also shape the program in the field.[20] Agency explanations of particular methods and approaches centered on a goal of "success," but the definition success varied regionally and according to how agencies interpreted the mandated program features. If one agency thought a particular requirement critical, or alternatively superfluous, their program design reflected that assessment. This was not the case in other elements of EHAP, where institutional researchers controlled all program elements and varied them with the intent to make the result more scientifically rigorous or to assuage federal political pressure. In the AAE, the agencies had to take the instructions and guidelines of their regional HUD office and implement them according

[19] For example, the approach to housing inspection in Jacksonville was initially extremely punitive for landlords, contributing to problems at the site, which fell far short of its enrollment targets. For a detailed description, see Marian Wolfe and Abt Associates, *Jacksonville: Administering a Housing Allowance Program in a Difficult Environment* (Cambridge, Abt Associates, 1977).

[20] This is readily evident in comparing the approaches of, for example, the Bismarck and Springfield sites. Both emphasized respect for the client's dignity. In Bismarck that meant a presumption that they could succeed in the housing market on their own if merely provided the financial means. In Springfield, it meant an extensive counseling program to prepare clients to overcome inequalities the agency saw as inherent in the market itself.

to their locally informed interpretations. Interpretation of the guidelines and instructions led the variations that Abt researchers sought retrospectively to categorize and analyze.

The programmatic variation most extensively analyzed was the housing standards inspection process. The significance of the enforcement of housing standards was debated as all three elements of EHAP were designed, and in the other two elements, researchers generally selected a moderate standard of housing quality and enforced it solely through the experimental program rather than through local code compliance law. In AAE, where the agencies had wide latitude in inspection practices, consequences for program success were clear. In Bismarck, where self-inspection by participants was preferred, inspections rarely caused a household not to enroll. Consequently, a high proportion of income-qualified applicants ultimately became allowance recipients.

At other sites, strict inspection and use of local enforcement regimes made enrollment significantly more difficult and lowered the number of applicants who became recipients. The starkest example of this in EHAP occurred at the Jacksonville site of the AAE. In the initial Jacksonville, Florida AAE, the agency used and strictly enforced the city housing code. City inspectors visited dwellings that program participants sought to move into and checked for code compliance, citing and fining landlords when units failed. They did so irrespective of whether an AAE tenant ultimately moved in. In the local Jacksonville housing market, with a low rental vacancy rate, strictly enforced standards created strong disincentives for accepting AAE tenants, and generated a negative impression of the experimental allowance program in the community.[21] Compounding this problem was a strictly segregated housing market that limited access to

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[21] Jacksonville Housing Authority, *Agency Final Report, Housing Allowance Program* (Jacksonville: The Dept., 1975).

quality units by race as well as ability to pay.[22] The Jacksonville agency was the sole element of the entire EHAP that failed to enroll approximately its target number of recipients within the given timeframe. Because of the independence of the AAE agencies, the problem was noticed only belatedly. Both of these factors made efforts to develop the quantitative explanations preferred by the research institutes and the government more difficult.

In Jacksonville, HUD intervened to address this problem and others hoping to avoid the negative impression of EHAP a failed site would create. In line with limiting the fallout of the failure, Abt used combined the pre- and post- intervention data to mitigate the statistical impact of data from the Jacksonville site. This handling of the Jacksonville data lends support to the contention that the AAE was undertaken to meet the political goal of creating bureaucratic support for a transition to allowances. A failure in Jacksonville would have presented, if it had been widely or more publicly noticed, a serious obstacle to that goal. In order to avoid that outcome, HUD modified inspection procedures in Jacksonville, negotiating a compromise with local government and landlords regarding inspections, and then reopened enrollment at the Jacksonville site. This second effort was closely monitored by HUD itself, which intervened yet again when the number of applications remained low. In the second period, new target enrollment numbers were set and reached, but the program never reached even the lowered target. Changes such as the compromise that waived penalties for landlords whose units were only inspected because an AAE tenant was interested only "marginally" improved landlord response to the program. Researchers found that while the intervention improved the impressions of some landlords, the policy changes were not widely known in the community. Even after an informational campaign targeting the owners, landlords remained disenchanted with the

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[22] Marian Wolfe and Abt Associates, *Jacksonville: Administering a Housing Allowance Program in a Difficult Environment* (Cambridge: Abt Associates, 1977). pp. 33-4.

program.[23] Serious problems remained that prevented interested applicants from finding, leasing and moving into a satisfactory unit.

In a finding that might have given policymakers pause, the analysis of Jacksonville as an outlier suggested that in a nationwide program, tightly linking payments to legal enforcement of housing standards would limit landlord participation, and consequently the housing choice of participants. This outcome in fact had been anticipated by a panel of experts reviewing the design of broader Supply experiment, and has been subsequently implicated in the decisions of landlords to accept or reject Section 8 tenants.[24] At other sites, the main method for resolving a low rate of applicants becoming recipients was to adjust the housing standards or moderate enforcement. In a national program, Abt argued, "agencies might not be allowed unilaterally to alter their standard" to increase yields or hit a target number of recipients, and so these solutions were not suggestive of useful approaches for non-experimental programs. [25] Other aspects of the EHAP tested variations in housing standards, but Jacksonville was the strongest negative result, and the sole example of a rigorous, legally enforced standard. Elsewhere, self-inspections and agency inspections separate from the local code enforcement system were the rule, and no penalties faced landlords found out of compliance. Despite its implications, the Jacksonville experience's impact on EHAP findings overall was limited. The possibility that a fixed national

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[23] Ibid., pp. 34, 39. Compare this description of difficulties to the use of Jacksonville data in the *Third Annual Report of the Administrative Agency Experiment*. The Third Annual Report does not mention that the data from Jacksonville is a composite of the data from before and after the massive reorganization of the site under HUD's direction in September 1974. Similarly, the Second Annual Report mentions the reorganization, and the difficulties that led to it, but focuses on the overall potential to bring Jacksonville in line with the rest of the AAE. The material from annual reports was far more likely to find its way into broader reports than the special study, and so the near-failure of the site did not garner widespread attention.

[24] A discussion of the review panel's work is included in Chapter Three on the Supply Experiment.

[25] Wolfe and Abt Associates, *Jacksonville,* p. 36.

standard would hinder the program is mentioned in the McKenna Commission's report, but that report used quantitative data from HASE and HADE without reference to the AAE or Jacksonville.[26] Washington politicians and upper-level HUD bureaucrats seem to have been essentially uninformed about the details of the Jacksonville crisis.

Abt's analysis of variation between sites in another program aspects, particularly payment issuance and levels of housing search assistance and counseling for enrollees, illuminate social and community dynamics surrounding government assistance in the early 1970s. The analysis suggests intense regional variation. Agencies had disparate ideas and assumptions about who the poor were. The race and gender complexities of poverty affected those ideas and assumptions, as did views of the proper role of government in helping different kinds of poor people. Rural Bismarck, for example, with a largely homogenous protestant white population, the agency ethos presumed that participants were both capable of acting independently on the housing market and worthy of the funds if they qualified. One the other hand, in Springfield, where Massachusetts state Fair Housing laws went far beyond federal ones, the agency designed an aggressive program of proactive interventions to prevent and address discrimination that was unmatched in all the rest of EHAP.

The post-civil rights challenges of law, language and practice were apparent even in the most basic thing the agencies did—issuing an allowance payment to a recipient. Local notions about the poor generally outweighed HUD's guidelines when determining how payments would be issued. Direct payment of allowance money to tenants was mean to ensure free choice on the market through anonymity, and to instill the responsibility and coincident dignity that government assistance that many advocates of the allowance approach believed were stripped

[26] William McKenna and United States, *The Report of the President's Commission on Housing* (Washington D.C.: President's Commission on Housing, 1982), pp. 19-20, 23.

from participants in other market-based aid programs like food stamps, and in project-based housing programs. In practice, several of the agencies hesitated to put money into the hands of the poor and initially or eventually refused to give poor participants money directly. Worried that recipients would not use their allowance for their housing costs, Tulsa, Jacksonville and San Bernardino issued dual-payee checks.[27] These checks were mailed to the tenant, but made out to both the tenant and landlord. The tenant had to sign the check and then turn it over to the landlord, who could then sign and cash the check. This procedure suggested that participants could not be trusted, undermining the choice, responsibility, and independence that politicians vaunted in promoting allowances. Implicitly, it favored endorsed a view of assisted households as less than desirable, dysfunctional tenants and sought to reassure landlords by guaranteeing payment. For these agencies, beliefs about the moral status and social capabilities of the poor, especially if they were single females or not white, overrode experimental guidelines and philosophy.

Not all agencies made such a decision readily, and others refused to make it at all. The San Bernardino Agency, which used dual-payee checks, described them as an element of the program that was not "designed to allow the participant maximum freedom of choice and maximum trust" and other agency reports describe the check policy using similar language.[28] Similarly the Bismarck, North Dakota agency report explained that the staff considered and dismissed using this form of payment because it was demeaning. As the agency report states, "Not only is payment to the landlord regarded by our Agency as demeaning to the recipient, but would have to be construed as an invasion of privacy in that the participants' financial condition

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[27] Tulsa Housing Authority, *EHAP Final Report, Tulsa*; San Bernardino County, *Experimental Housing Allowance Program: Final Report* (San Bernardino: The Agency, 1975); Jacksonville Housing Authority, *Agency Final Report, Housing Allowance Program*.

[28] San Bernardino County, *EHAP Final Report, San Bernardino*. p. 12.

is exposed to the landlords."[29] Instead of dual-payee checks, the Bismarck agency issued single payee checks to the tenants, who were responsible for full payment of rent. To guard against abuse, the checks were mailed in non-forwardable envelopes so that if a recipient moved, the check could not follow without the agency being notified. The onsite observer described Bismarck was a community characterized by an overwhelmingly white population, strong stigmas about government assistance, and low-levels of government assistance use among the non-elderly white population. Heightened stigmatization and a racially homogenous population contributed to the decision to use a single-payee system.

Freedom and privacy were paramount and also possible in Bismarck, whereas at other sites (with much larger minority populations) rhetorical emphasis on trust, freedom and privacy was not matched in practice. The Jacksonville staff initially used single payee checks, but in a failed effort to secure the target number of recipients, the agency later adopted two-party checks and actively notified landlords of the change in hopes of lowering resistance to AAE tenants.[30] The disconnect between allowance philosophy and agency practices suggests that while changing ideas about what economic responsibilities and privileges should be extended to the poor informed the rhetoric that generated a housing allowance experiment, in the field, local agencies acted according to their local knowledge and existing beliefs. In many cases, the responsibilities, such as finding a unit and seeing that is was renovated to standard, were more readily bestowed on the poor than the privileges, like being directly supplied with the allowance. Rhetoric about privacy, choice and freedom made housing allowances appealing in Washington,

[29] North Dakota Experimental Housing Allowance Project; North Dakota, *Final Report of the North Dakota Experimental Housing Allowance Project* (Bismarck: Social Service Board, 1976), pp. 18, 65.

[30] Ibid., and Wolfe and Abt Associates, *Jacksonville*. p. 34. For more on attitudes towards participants in the Bismarck AAE site, see Trend, *Housing Allowances for the Poor*.

D.C. government offices, but in the field agency staff often hesitated to put money behind that rhetoric and directly into the hands of poor tenants.

The provision of counseling and housing search assistance for participants was another program aspect that varied widely according to agency philosophies and assumptions about the people who used government assistance. Implicit and sometimes explicit in counseling descriptions from the final reports by participating agencies is a view of households participating in the AAE as faulty, even incompetent consumers of housing. The need for assistance stood as evidence of this, as no evaluation of previous success or failure in the market was ever made by agencies, Abt researchers or HUD. Despite the fact that the households all already lived somewhere prior to enrolling, the reports tend to presume, rather than assess, the pre-existing knowledge and capabilities of the households. As understood by the Salem agency, for example, "financial assistance was the key that could unlock the door to suitable housing, but unless the family knew how to operate that key to their best advantage, they would be no closer to suitable housing than before EHAP. [Counseling] was essential in order for families to select the most appropriate alternatives available."[31] Similarly, staff in Springfield reported that providing counseling was "the most rewarding and successful aspect of the program," in which "the agency did not attempt to solve participants problems for them, but instead tried to increase their skills and knowledge so they could handle their own housing problems."[32] The interesting element of this observation is that it assesses the value of the counseling for staff, who found it "rewarding" as well as its success, the definition of which is not elaborated.

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[31] Housing Authority of the City of Salem, *EHAP Final Report, Salem*, p. 13.

[32] Illinois Department of Local Government Affairs, *Experimental Housing Allowance Program: The Final Report* (Springfield: The Office, 1976), p. 28. The description of the provision of counseling as "rewarding" for the agency suggests reasons other than client needs for the popularity of providing such services among the agencies.

Bismarck offered little counseling or assistance in search, in keeping with the site director's philosophy that program participants "manage other areas of their lives, so why not this one?" According to the onsite observer, the Bismarck director viewed the provision of counseling services, especially when forced on people, as fostering dependence and undermining a person's confidence in their own abilities.[33] The initial Jacksonville program and the Peoria program counseled even less than Bismarck did, offering just limited and optional information sessions. They shared with the Bismarck agency a view that independence meant that the "basic responsibility of dealing in the private market" belonged on "the shoulders of the participating family" and that a policy of doing little to intervene in the family's involvement in the market through counseling.[34] The difference was that staff in Jacksonville saw the program as a tool to "shift" responsibility onto the shoulders of the families, whereas Bismarck assumed they already shouldered it and merely lacked the funds to execute the responsibility fully. Bismarck was alone among the agencies in this perspective.

Numerous AAE surveys investigated what the clients knew or understood about EHAP and how they used the allowance, but none asks questions about how the clients found housing prior to the AAE, and nor hazards a guess about the households' previous encounters with the private market. Households throughout the AAE already lived in some type of housing, which overwhelmingly they had acquired without government assistance. Households living in unit-based public housing were not eligible for assistance unless they moved out of that housing and because the experiment was of limited duration, few public housing tenants enrolled. In Jacksonville, poor relations between EHAP and the local HUD office led to a prohibition against

[33] Trend, *Housing Allowances for the Poor*, p. 97.

[34] Jacksonville Housing Authority, *Agency Final Report, Housing Allowance Program*, p. 8.

recruiting applications from current public housing residents.[35] The assumption that AAE participants needed to be educated about the private market if they were to be expected to find housing was, if not unfounded, certainly unproven and unanalyzed, a practice at odds with the emphasis on quantification.

From coast to coast, the agency counseling programs and philosophies similarly reflected local iterations of widespread views of who the poor in general were and how similar or different local poor households were to that general image. In Salem, although the agency professed the same interest in "dignity" and "responsibility" that sparked such interest in housing allowance programs, the agency had a dim view of local participant's chances on the private market. As a result, they took a more hands on, paternalistic approach to counseling. In their final report, the Salem agency described the AAE as "providing a learning experience while meeting basic housing needs" and paternalistically framed the agency counselors as the teachers. Counseling sessions with topics ranging from negotiating a lease to budgeting for utilities payments were mandatory, and counselors facilitated every step of the enrollment process. The agency described the allowance metaphorically as a key and argued the household needed to be counseled in order "to operate that key to their best advantage."[36] The approach in Durham was similarly interventionist, if less explicitly paternalistic. They employed mandatory counseling, provided transportation to available housing units and "counseling" about the appropriateness of various options, an effort which they stepped up in response to perceived high demand. San Bernardino is representative of agencies that chose a middle path, providing information sessions to those who were accepted into the program, but leaving further counseling efforts for recipients

[35] William Holshouser and Abt Associates, *Report on Selected Aspects of the Jacksonville Housing Allowance Experiment* (Cambridge: Abt Associates, 1976).

[36] Housing Authority of the City of Salem, *EHAP Final Report, Salem*, pp. 10-13.

on an as-requested basis. Political rhetoric from the Left and the Right glorified allowances for their potential to decrease liberate poor people from the scourges government housing and allow them to more fully join their communities by becoming consumer citizens who commanded their housing on a free market.[37] The practices of the AAE agencies, however, suggested widespread doubts about the readiness of the poor to exercise that citizenship, especially in areas of racial heterogeneity.

Looking retrospectively at these practices, Abt Associates analyzed these differences and generated a report on counseling and housing search assistance, together described as "supportive services." Abt researchers categorized agencies' supportive services according to what kinds of services they offered and how they offered them as "enabling," "casework" or "laissez-faire." Enabling, as used by Abt, meant that the agency provided extensive resources but emphasized client independence. The "casework" designation was used somewhat disparagingly to connote agencies that assigned each household a particular counselor who helped them through the enrollment and housing search process. Laissez-faire described agencies that provided only non-mandatory group information sessions. Abt researchers sub-categorized services provided within these broader approaches as either "formal" or "responsive." Formal services were provided by the agency to all participants, whereas responsive services were provided on an as-needed basis, often at client request. As described in the various agencies' final reports, agency practices often did not reflect the clear-cut distinctions between approaches

[37] For an in-depth examination of the importance of market participation and the rise of consumer citizenship in America, see Lizabeth Cohen's *A Consumer's Republic* (New York: Vintage, 2003). Cohen looks to the 1970s and 1980s as the dénouement of citizenship through consumer rights. This dissertation pursues the possibility that privatization transformed consumer citizenship, and that in the case of housing, participation in the market was a mark of citizenship but also a way of translating the responsibility for broadening laws regarding fairness and equality out of government hands and into private ones.

that researchers from Abt Associates retrospectively assigned. The Jacksonville agency was designated as "laissez-faire" but both provided all participants with certain housing information and offered some additional services like babysitting if requested. Despite aforementioned differences in articulated philosophies and expectations of recipients, both Salem and Bismarck were considered "enabling" agencies rather than "casework" (Tulsa, Durham) or "laissez-faire" (Peoria, Jacksonville).[38] The Springfield AAE agency's final report describes assigning staff to individual clients who they had recruited into the program, yet researchers classified Springfield as an "Enabling" agency.[39] While this categorization reflects the philosophy articulated by the agency in its reports, Springfield's practice reflected the definition of "casework" used by Abt Associates. These grey areas made data from the administrative element difficult to integrate into broader analyses of EHAP. Retrospective assignment based on qualitative differences of varying degrees meant that many categories were not so discrete and tracking outcomes according to these categories also created imprecise quantitative data about supportive services.

Significant Similarities: The Sociopolitics of Shared Practices in the AAE

Aspects of the AAE that varied less across sites, such as outreach efforts, were difficult to mine for hard data about what worked and what did not. While Abt Associates still collected relevant data, for example the average expenditure per participant on paid advertising, without systematic variations, the data was difficult to analyze in the ways that policymakers and researchers valued. The impact of spending more or less could not be determined. Looking back,

[38] William Holshouser and Abt Associates, *Supportive Services in the Administrative Agency Experiment* (Cambridge: Abt Associates, 1977), p. 45.

[39] Amy Anthony and Massachusetts Dept. of Community Affairs, *Massachusetts Experimental Housing Allowance Program: Final Report* (Springfield: Commonwealth of Massachusetts Dept. of Community Affairs, 1975), pp. 15-16.

however, the data on outreach yields new historical insights about the experiment and the period. Qualitative records about outreach practices suggest that government service agencies struggled to negotiate the social climate created by new legal mandates in housing equality that were out of sync with local and national understandings of race, gender and poverty. To address these concerns, the agencies turned to techniques such as the use of cartoons in advertising to represent of the target populations for the program in a way that was non-threatening and avoided common notions of who government assistance was meant to help.

Every Administrative Agency Experiment site undertook a campaign of marketing that targeted landlords, community leaders, sources of agency referrals, and of course to eligible families. The agencies focused outreach on generating applications that fit the specific demographic targets Abt gave them. Those demographic targets were set so that the profile of enrolled households would match the profile of eligible ones in the community in terms of income levels, racial composition, household size and other criteria. The goal of the targets was to eliminate the disproportionate representation of women, minorities, and the very poor commonly associated with "welfare-type" assistance and thus isolate housing allowance programs from the stigma of welfare. [40] Outreach campaigns included earned and paid media coverage, community and agency meetings, and public advertising on TV, radio and in print. Outreach efforts at each site reflected common concerns—reaching out beyond the traditional users of government assistance programs, keeping spending on advertising in control, and a desire to avoid touching raw nerves in the community. Raw nerves were a particular concern because of new federal legislation designed to limit discrimination in housing that often challenged local sensibilities about race and class. Suspicion of the Federal government and the

[40] MacMillan and Abt Associates, *Outreach*, p. 17.

requirement of a formal lease also contributed to the potential for a negative community reception, and local agencies designed outreach programs they hoped would mitigate these problems.

Outreach was a sensitive issue at every site because the agencies universally feared two things: having to turn away many, many applicants and gaining a negative reputation in the community and being deluged with applications from people who already received other community assistance. The latter fear was produced by two factors. First, HUD had directed the agencies to enroll recipients in a profile that mirrored the socio-economic and ethnic demographics of all eligible households in the community. Second, the agencies all assumed that the perception of the experiment in the community would suffer if communities viewed the allowances as what the agencies called "another welfare program." Fearing too many applications, most AAE agencies initially took what they often termed a "low-key" approach to outreach.[41] The agencies' explanations for selecting a low-key approach vary from desire to avoid negative community responses to an assumption that the program would be so popular that outreach was unnecessary. Abt Associates displayed an initial preference for low-key outreach in the manual it gave to the agencies, which warned that too high a profile in the communities might create "unrealistic expectations" about the program, and thereby undermine the local AAE and endanger the anticipated national program.[42] The fear of public notice and poor reaction was widely shared in EHAP by HUD officials and the participating agencies, and this recommendation was in keeping with those fears.

Approaches to these concerns in outreach advertising campaigns varied, but cartoons were a common tool used to negotiate prickly social terrain surrounding issues of race, class and

[41] Benson, *EHAP Final Report, Durham, North Carolina*. p. 41.

[42] Ibid., p. 9.

gender. In Tulsa, the agency contracted a local ad firm to create a campaign. One element of the campaign was a series of cartoon strip-style ads in the local paper, featuring “Hap,” a young man whose name was an acronym for the program’s local name, the “Home Allowance Program,” and his parrot, Pete. In a series of cartoons, Hap and Pete encounter a diverse collection of Tulsa citizens who might qualify for the allowance program. Hap and Pete meet an elderly white woman, a bell-bottomed young white couple with a new baby, an African-American couple with neat afros and second child on the way, and a white female divorcee in platform boots, holding her young daughter’s hand while she talks to her portly male landlord. Each head of household talks to Hap about their financial challenges, which they face despite being employed, paycheck drawing members of the community (only the elderly woman does not mention working or receiving a paycheck). Hap begins his pitch by emphasizing that the allowance program is an *experimental* program, distinguishing it from other, disreputable forms of assistance. As Hap continues his explanation Pete parrots critical points, such as the qualification of spending more than 25% of income on rent (“25%, 25%” he cries) and the potential of the program to solve intractable financial problems (“Solutions, Solutions”). In a subsequent frame, each household discloses what percent of their income they put towards rent, which is generally between 25 and 30%.[43] After determining that the household might qualify, Hap refers them to the local program office. Each cartoon concludes with Hap biking off into the sunset after the household enrolls in the program. His “parrot pal” Pete flaps along with him, under a banner reading “HAPpy days

[43] This reflects the difficulty across all sites in recruiting those who would only receive a small allowance. They had less incentive to overlook the stigma and hassle of the program, and thus applied in much smaller numbers than more needy families. In order to meet the demographic targets, agencies made special efforts to reach out to them.

are here again."[44] Tulsa's professionally created campaign used the same characters in informational pamphlets and other ads.

Some of the intent of these ads is clear: to frame the allowances as a resource for the working class and the elderly, the types of households that were least likely to apply and most likely to stigmatize assistance. Further, the ad provides encouragement even for households who would receive only modest allowance payments because they spent only somewhat above 25% of income. These households were important to meeting enrollment targets without exceeding allowance budgets. Other elements of the cartoon are subtle, such as the inclusion of an African American nuclear household, which fulfilled equal opportunity mandates and avoided incipient "welfare mother" stereotypes. The single mother who is white and divorced, not widowed has her husband's failure to fulfill his gendered expectations of male familial support to blame for her financial straits. The emphasis on drawing the head of household drawing a paycheck provides a sympathetic source of financial hardship, and on the "experimental" status of the program imbeds a message to the whole community that the allowance effort was not a "welfare-type" program. In these choices, the agency aimed to diffuse some of the sensitive aspects of the experiment, but also to promote a conception of the program that reflected the target demographic range for enrollment.

Jacksonville, Florida's agency took a very different approach to negotiating the sociopolitical challenges of race, class and gender in its advertising. As described by Abt researchers, initial Jacksonville "brochures and leaflets showed a Superman figure with both Caucasian features and an 'afro' hairstyle" and Abt believed that the "the attempt [of the cartoon] seemed to be to project a racially non-specific image." This choice was made by an

[44] Tulsa Housing Authority, *EHAP Final Report, Tulsa*. Appendix pp. 1-8.

agency that also, according to Abt, avoided discussing questions of race and fair housing law with landlords and declined to mount a visible equal opportunity effort for fear of driving off suppliers. At the time, however, it seems that in Jacksonville the afro overshadowed supposed "Caucasian" features, and when the Jacksonville program was revamped by HUD due to low participation due to landlord refusal of tenants, EHAP-man was eliminated. The new marketing materials replaced him with two droplet-shaped blobs with human features, including notably, heads of coifed white-appearing hair, cut from photographs and pasted onto the hand-drawn blobs. One blob counsels the other saying, "I got help, Charlie, and you may qualify for help from the Housing Allowance Program." The alteration of the Jacksonville advertising materials suggests an effort to avoid diversity issues through the use of abstract figures. In its study of the difficulties in the Jacksonville program, Abt researchers themselves noted the use of a cartoon figure as a method of circumventing the issue of race. The Jacksonville case is a particularly striking example of the challenges all AAE agencies faced in trying address new fair housing laws, old community stigma and stereotypes about government assistance and the poor, and the multiple class, gender and racial identities of the target population and the broader community.[45]

The varied use of cartoons in the outreach epitomizes the kind of latitude that agencies had in developing local approaches for negotiating race, class and gender tensions and sensitivities in ways that a nationwide program was unlikely to permit. Examples extend beyond Jacksonville and Tulsa. In Durham, ads featured a humorously drawn older single woman with curly hair, drooping breasts and a long, bumpy nose holding a modest house in her hand and comparing it to a castle and an apartment building. She is reminiscent of the fairy tale

[45] They faced similar dilemmas in working with landlords. Attempts to deal with those challenges are discussed elsewhere in the dissertation, particular in Chapter Two on the Supply Experiment.

protagonist of "The Old Woman who Lived in a Shoe," and the fairy tale association perhaps invited readers to disassociate the program from more familiar, less charming representations of female poverty, and yet the woman's unattractive features likely separate her, as the image of the allowance recipient, from the viewer's self-image. In Salem, Oregon, one of the less racially diverse sites, generic but white-appearing cartoon men, women, and children were included in an outreach pamphlet. Notably, all the groupings of these people into families include both a man and a woman, unless depicting the elderly.[46] The prevalence of stylized, light-hearted cartoon images highlights the difficulty the agencies had in speaking a language and implementing practices that reflected changing federal laws and social sensibilities. Cartoons allowed for what was politically difficult to say to be left up to interpretation, seen but unarticulated. The viewer was free spell out the meaning of the images and political contours of the program according to what HUD official Charles Orlebeke euphemistically called "their own hang-ups."[47]

Outreach, although it provided a wealth of qualitative data in the form of advertising materials, was difficult for Abt Associates to analyze quantitatively, because it was difficult to ascribe causation to any particular variation. Many elements of outreach plans were difficult to divide into discrete categories, as had been done with counseling approaches. All of the agencies used all types of outreach: group meetings, referrals and television, radio and print ads. While it was possible to quantify how much of what types of media each agency used, the majority of applicants reported hearing about the program through word of mouth, and the source or likely

[46] Donita Benson, *Experimental Housing Allowance Program, Durham, North Carolina: Final Report* (Durham, N.C.: Durham County Dept. of Social Service, 1977); MacMillan and Abt Associates, *Outreach*; Tulsa Housing Authority, *EHAP Final Report, Tulsa*; Wolfe and Abt Associates, *Jacksonville*; Holshouser and Abt Associates, *Report on Selected Aspects of the Jacksonville Housing Allowance Experiment*. p. 78.

[47] Memorandum, Charles Orlebeke to Carla Hills, "Comments on Site Selection and Neighborhood Standards for Subsidized New Construction" August 5, 1976, Site Search Criteria (1) folder, Box 13, Orlebeke Papers, Ford Library, p. 2.

sources of that information could not be determined with certainty. Further, since more than one type of outreach was always occurring, causative relationships between one outreach form and rates of application among a certain group of eligible applicants could not be established. Did having the mayor make a statement attract more working class families than placing information in pay envelopes at a factory? Did featuring elderly participants drive up application numbers among this population? Answers to these questions could certainly inform policy, but the AAE was not designed to generate those answers. With more than one outreach method being used at the same time in the same place, neither the agencies nor researchers could easily determine what approaches impacted applications numbers or applicant demographics more. Even when certain methods were stepped up, the proximate impact could not be isolated from the cumulative.

Further limiting the generalizability of outreach data from the AAE was the fact that agencies often emphasized its experimental nature in outreach efforts. In Peoria, for example, one advertisement ran a description of the program under the bold banner "EHAP Needs You," and then went on to implore readers that the experiment needed them in order to be a success, portraying participation a kind of civic duty.[48] The "experimental" nature of the program was often emphasized because in order to meet the demographic enrollment targets given to them by Abt and HUD, agencies need to attract moderate-income households and others, like the elderly, who less frequently participated in most kinds of government assistance because of "welfare stigma."[49] Highlighting the experimental nature of the program was intended to reduce stigma and appeal to these kinds of non-traditional applicants, but made the outreach data inappropriate

[48] Advertisement in the *Farmington Shopper*, August 16,1973 reprinted in an appendix to Illinois Department of Local Government Affairs, *EHAP Final Report, Peoria*, n.p.

[49] MacMillan and Abt Associates, *Outreach*., p. 21. Abt notes that: "A number of program participants, when interviewed in depth, mentioned their initial reluctance to apply. Some ultimately rationalized that the experimental program was 'not like welfare.'"

as an indicator of results in a non-experimental national program.[50] To the extent that emphasizing the experimental nature of the program drew in participants who otherwise would not accept assistance, the quantitative effects of their participation rippled into the other data as well. Since the program costs and, researchers presumed, market behavior of these households was unlike that of those who would enroll in a non-test program, AAE data was made less applicable to a national program. Still, Abt sought to glean other useful information from the outreach efforts. For example, in combination with outreach data from the other EHAP elements, Abt asserted with a great wealth of supportive evidence that the elderly were the demographic group least likely to apply for the program, and that they, along with the working poor, would likely have to be "persuaded" through outreach to participate in an allowance program.[51] Overall, Abt felt that the differences between outreach in the AAE and any planned national program were significant, and little outreach data made its way into policymaking.

As in other aspects of the program, analysis by the agencies themselves in their final reports foreshadowed some of issues subsequent national allowance-type programs have confronted. Every agency except Tulsa initially assumed that their problem would be an overabundance of applications, but none found this to be the case. Agencies had the opposite problem and had to ramp up outreach efforts. Agency descriptions of efforts to ramp up outreach and attract applicants suitable to the demographic profile goals reveal some of the concerns other community stakeholders had about the allowance program. In Durham, for example, when the agency realized it was receiving a high proportion of "low-income blacks," staff attempted a targeted outreach to working class male-headed households. Targeting white households directly

[50] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974*, p. 44; Trend, *Housing Allowances for the Poor*.

[51] MacMillan and Abt Associates, *Outreach*, p. 43.

would have violated the Fair Housing Act, but seeking working class married families could accomplish the same goal, they thought, without a legal violation. The Agency, however, misread the local sociopolitical climate, and faced an unanticipated backlash when they reached out to "Employers of appropriate males (such as the City Departments of Public Works, Streets and Sanitation and some private industries in the area)" and found the employers "defensive about the implication that their workers might need financial assistance."[52] These experiences that never came to the attention of policymakers nevertheless outline the contours of sociopolitical dynamics in Durham at the time.[53] Within the context of transformations for the white male working class in the 1970s, a reasonable inference is that employers in other cities might have had similar reactions to the insinuation that they did not pay their employees enough to survive without government assistance.[54]

The agency final reports also shed light on the role of outreach in securing local community cooperation. To an extent greater that Abt reports reflect, the final reports argue for the importance of community and supplier outreach programs in order to generate community support. While Abt's analysis of these efforts deemed them "relatively ineffective," the final reports of many agencies including Durham, Springfield and Jacksonville underscored the importance and difficulty of this task. Durham's final report went as far as describing "widespread resistance from suppliers of standard housing" as an ongoing problem that required continual attention.[55] Abt's own evaluation of the role that poor supplier relations played in the

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[52] Benson, *EHAP Final Report, Durham, North Carolina*, p. 18.

[53] The experience of the Durham Agency echoes the experiences of the white male working class detailed in Jefferson Cowie's *Stayin' Alive: The 1970s and the Last Days of the Working Class* (New York: The New Press, 2010).

[54] For example, Cowie's *Stayin' Alive*.

[55] Benson, *EHAP Final Report, Durham, North Carolina*, p. 23.

shortcomings of the Jacksonville effort likewise suggested the impact of good community relations.[56] In this vein, the agencies generally sought opportunities to explain the program to community groups from PTAs to fraternal lodges. Editorials and newspaper stories were sought after as well, and used to emphasize the appeal of the program to working households, its dissimilarity to existing (and unpopular) housing programs and often the import of the local study to federal efforts to "find a better way to help Americans obtain adequate housing."[57] In some cities community outreach had begun early, during site negotiations with HUD, and efforts were made to cast the program as a boon to the local economy as well as the households themselves. Community and supplier outreach data was collected mostly informally, but the agencies clearly felt such efforts were critical to the success of the program. The impact such outreach had on the willingness of those stakeholders to participate by renting and repairing dwellings was unmeasured, and perhaps not measurable.

"Little Effort to Challenge the Discrimination Legally:"[58] Bearing the Burden of Fair Housing and Discrimination Law in the AAE

For the agencies, negotiating local expectations and federal law related to race, class and gender was no simpler in fair housing assistance than it was in outreach, even though the connection between Fair Housing programming and those contested categories was far more direct. As in the Supply and Demand elements, each agency's supportive services included fair

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[56] MacMillan and Abt Associates, *Outreach*.

[57] Ibid., n.p.

[58] McKenna and United States, *The Report of the President's Commission on Housing*., p. 21.

housing assistance in order to comply with the Civil Rights Act and the Fair Housing Act of 1968. HUD required the programming in order that the agencies meet the legislative requirement that federal agencies "act affirmatively to further" equal opportunity in all government housing programs.[59] Despite the emphasis in the AAE on searching for variation and analyzing it, clear, even dramatic variations in equal opportunity services were not extensively analyzed in Abt's reports. A numerical approach deemphasized problems of discrimination in the reports, since researchers set a high bar that counted very few instances of discrimination at the AAE sites. The low count included only formal complaints made to the onsite legal services staff, required at every site as part of equal opportunity compliance. In the political climate of the mid-1970s, without a clear quantifiable imperative, there was no incentive to shine a light on practices that were in other places providing fair housing advocates continual fodder for civil rights lawsuits against HUD and local housing agencies.

Indeed, at most sites those legal services were the entirety of the equal opportunity program. At many sites, including Bismarck and Jacksonville, lawyers retained because of the equal opportunity program mandates were so little used that they became engaged in unrelated supportive work, such as mediating eviction requests, negotiating lease requirements and mediating complaints about noise, children and pets. In Jacksonville, the AAE agency failed to secure legal services until late in the program, leaving tenants without recourse in cases of discrimination. The special reports on Jacksonville further noted that agency staff intentionally avoided directly informing landlords that most AAE program participants were black, and that

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[59] United States Congress, "The Fair Housing Act of 1968" Title VIII of *The Civil Rights Act of 1968*.

they would be expected to rent irrespective of race if they accepted program tenants.[60] In Bismarck, an overwhelmingly eligible white population meant that very few claims were possible. The attorney assisted in landlord-tenant dispute resolution and assisted with complaints about tenants from neighbors, but never encountered a discrimination claim.[61] In Salem, 100 complaints were referred to the Legal Aid Society, of which only one claimed discrimination, and was determined by Legal Aid to be unfounded. The 99 other cases involved other unspecified disputes related to the housing allowance.[62]

In Springfield, Massachusetts, the approach to Equal Opportunity compliance was radically different from all the other sites. Buoyed by state laws expanding the scope of anti-discrimination laws and by the existence of a Housing Court tasked with adjudicating alleged violations, the State Department of Consumer Affairs endeavored to provide the housing consumers who participated in the AAE the highest possible level of equal opportunity. To that end, they provided extensive services to those who complained of discrimination. In the final report, the agency describes how "the entire office was disrupted when a live complaint was processed" because "discrimination complaints must be handled with extreme care and great speed." In order to develop a case on the basis of the complaint, the agency employed staff as testers, who went into the field to test the housing suppliers response. The results of this procedure were several cases that reached settlement with the housing supplier, brought media

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[60] Wolfe and Abt Associates, *Jacksonville* and Holshouser and Abt Associates, *Report on Selected Aspects of the Jacksonville Housing Allowance Experiment*.

[61] North Dakota Experimental Housing Allowance Project; North Dakota, *EHAP Final Report, Bismarck*.

[62] Housing Authority of the City of Salem, *EHAP Final Report, Salem*, pp. 26-27.

attention and prompted some larger suppliers to change their policies.[63] In addition to these equal opportunity efforts in response to claims, Springfield undertook an extensive and pro-active anti-discrimination effort. Small groups of enrollees were educated about landlord screening practices that enable discrimination and then trained in methods of circumventing these screening techniques, such as politely evading questions about income, a husband's employment or one's children until after viewing the unit and establishing its availability. These practices both established facts necessary to pursue a discrimination case, such as the rental status of the unit at the time the client inquired, and helped clients to prevent themselves from being screened out by legal but still discriminatory questioning. The agency final report described its antidiscrimination efforts as "the heart of the program, the process of low and moderate income renters searching for better housing in a private market where class, racial and jurisdictional division are the rule."[64] The lawyer retained by the Springfield agency also participated in bringing class action lawsuits against rental referral agencies that practiced racial steering. Two of the cases were resolved through settlement or voluntary agreement, with the agency refunding fees paid. The other case could not be resolved because those sued disappeared from the area. The aggressive approach was not without consequences. Landlords chafed at the program, however, the Springfield agency approach to equal opportunity was counterbalanced by concerted efforts to handle landlord-initiated complaints expeditiously, limiting resistance to the program. For example, the agency's policy was to routinely approve eviction requests. In the view of the Springfield agency, despite some resistance to proactive EO approaches, housing suppliers never became a serious obstacle to the success of the program. Springfield used its final report to

[63] Anthony and Massachusetts Dept. of Community Affairs, *Massachusetts Experimental Housing Allowance Program*, p. 25.

[64] Ibid., p. 24.

showcase the tools the agency created to address discriminatory practices. Transcripts of the screening call training tapes, the pamphlets created for enrollees to use at home in their search, and documentation of the publicity that the discrimination cases received filled appendices to the volume and comprised a significant portion of the final report.[65]

Springfield's contention that the divisions between races, classes and genders in matters of housing lay at the heart of the allowance program was rejected in wider analysis of discrimination in the AAE. The larger analysis instead focused on how, quantitatively, few discrimination claims arose. The impact of programs like the training in evading discriminatory lines of questioning was not quantified and could not have been readily parsed from other variables. Despite ample documentation by the local agency, the Springfield approach went unnoticed at the federal level, and even reports by Abt Associates contain only traces and hints of the unusually robust equal opportunity efforts that were made in Springfield. In the descriptions of the various agencies in an AAE annual report, Springfield is described as having "an active emphasis on consumer education and legal support for participants."[66] Another report noted only that Springfield's emphasis on "open housing"—did not measurably change the geographic distribution of recipients, nor did it reduce the participation of housing suppliers.[67] No mention of the special training or the class action suit was made.

In 1982, when McKenna Commission offered housing allowances as a policy remedy for public housing problems of racial and income segregation, the AAE discrimination cases were not discussed. Discussion of discrimination in the EHAP instead turned on the Demand

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[65] Ibid., p. 41 for description of the legal cases.

[66] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974.*, pp. 17-18.

[67] Holshouser and Abt Associates, *Supportive Services in the Administrative Agency Experiment*. pp. 37, 52.

Experiment data, and leaving an impression that when the onus for discrimination claims rested with the client, few found it worth the trouble, and suggesting from that fact that discrimination was not a significant problem in allowance programs. In the Demand Experiment, 15-20 percent of participants stated that they had perceived discrimination during their housing search. However, the commission notes, in spite of this perception of discrimination "there was little effort to challenge the discrimination legally. The experiment provided free legal services for antidiscrimination cases, but only 4 of the 22 households reporting discrimination [before being surveyed] called the lawyer. None of the cases provided enough evidence to file a formal complaint. Possibly participants felt that legal redress was unlikely to succeed or was too time consuming."[68] In a footnote, it was also noted that participants might be discriminated without being aware of it, but not that they might be aware of it and choose not to report it for myriad reasons. This analysis squarely placed the responsibility for opposing discrimination on the shoulders of the person or household experiencing discrimination, without noting the specialized knowledge that would be required to collect valid evidence and differentiate between legal and illegal discrimination. Springfield's program was not noted, nor were the other approaches in the AAE or Supply elements, leaving the impression that Demand Experiment results were indicative. Overall, the report left an impression that choice in the allowance project had been relatively unfettered by discrimination, and provided quantitative evidence that few claims were pursued and none were successful to suggest that that discrimination was not an important concern.

The Case of the "Case Study" in AAE Reports and Housing Allowance Rhetoric

[68] McKenna and United States, *The Report of the President's Commission on Housing*., p. 21.

Abt Associates designed the AAE reporting primarily to wring quantitative data from naturalistic variation, but also included a limited amount of strictly qualitative reporting—the case study. The initial intent was to include much more, but budget and timeline disputes with HUD towards the end of the program significantly curtailed this programmatic aspect.[69] Abt Associates explained the value the researchers perceived in the case studies by providing an example. "A problem in handling applications might be foreseen in Bismarck… and resolved or prevented by the design of a new form" they said, and "That experience can be preserved in a case study, although a cross-site analysis might dismiss it as an insufficiently important variation." These "holistic" representations would allow researchers to set aside the "experimentally defined functions" and "allow a more complete understanding of the factors that shaped the results at each site."[70] The case studies were further intended to highlight the experiences of individual allowance recipients, their interactions with the agency, and how the program benefited them. This focus on the perspective of the recipients was rare in EHAP, which emphasized household surveys, and within those surveys tended to focus little attention on recipients' impressions of the program.

Despite these potential advantages, case studies were rarely invoked to provide persuasive evidence at the level of policymaking and debate. They did serve other purposes within the research program and the institutions that implemented it. Two Abt Associates employees working on advanced academic degrees produced full-length case studies of AAE sites; at least one used that degree to continue his career at Abt Associates. Separately, Abt Associates researchers published at least two full case studies, one for Durham and one for

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[69] See Chapter Five for a more detailed description of the dispute.

[70] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974*, p. 6, 10.

Bismarck.[71] The *Third Annual Report* featured a handful of case studies, and Abt researcher Marian Wolfe included three case studies in an appendix to her study of the problematic Jacksonville site. A smattering of case studies appeared in the special study of the experiences of the elderly in the AAE as well. These case studies assisted in describing outlier examples that were more difficult to interpret statistically. In Jacksonville, case studies could demonstrate by concrete examples problems that were difficult to describe inoffensively in the sanitized argot of the bureaucracy. Studies of the elderly participant population provided images of group politically favored for assistance but had been found difficult to enroll in practice.

The most intriguing use of a case study appears in Abt's *Second Annual Report of the Administrative Agency Experiment Evaluation*. A description of Erna Feist appears as a "condensed case study" giving a "participant view" of the program in the opening of the fourth chapter. Erna Feist was a part of a favored program cohort– the elderly widow had a heart condition was struggling to retain her independence. A retrospective examination of the case of Erna Feist encapsulates virtually all of the themes that have emerged in this chapter's look at the AAE. Mrs. Feist, and her adoption in the *Second Annual Report* as a mascot of the administrative programs reflects regional variation in views of the poor, the pitfalls of generalizing AAE data, and particularly the difficulty government agencies had addressing race, class and gender in the tumultuous 1970s. Erna Feist is described as "a widow in her middle sixties" who could not work following a heart attack. Noting that Erna is not her real name, the *Second Annual Report* states that she is nevertheless "an actual participant in the AAE; her experiences are consistent with those of other participants as recorded by the on-site observers." The *Report* does not

[71] I have not located any additional full case studies. Towards the end of the AAE research period, a dispute over reporting arose between Abt Associates and HUD over the timeliness and content of Abt's reports. It is likely that as a result of that dispute, the remaining case studies were cancelled.

disclose the site at which Erna was enrolled, implicitly allowing her case to represent experiences in the agency program as a whole. Erna's role in the report is to sympathetically humanize the process of enrolling in the AAE as well as the participants themselves. Her perspective, however, is provided in the words of the site observer, not her own words. Of Mrs. Feist, the on-site observer writes, "Erna barely manages to get by on her social security benefit. Although she would be eligible for assistance from welfare, she is too proud to take it." Over the better part of four pages in the report, the on-site observer recounts Erna's experience with the AAE, including encounters with confusing forms and a series of post-enrollment counseling sessions. The onsite observer highlights the explanations the agency offered to Erna of various program requirements, but purports to offer her perspective as well, noting that she finds one counselor "a very nice boy, well-groomed, clean-cut; he had carefully answered all her questions." Erna's resistance to accepting government help, and evidence of her merit as a recipient are repeatedly offered. One counselor even reassures her that that the program is an experiment, and so she is "actually helping the government" rather than vice versa.[72]

In fact, however, none of these thoughts can be attributed to Erna, because Erna was a creation of researchers, not the "actual participant" Abt Associates described in the *Second Annual Report*. According to her author, Erna Feist was actually a "composite" of several participants at the Bismarck site created to ensure confidentiality for participants who lived in a small, rural town where private details shared in the case study might be publically associated with a real person.[73] Erna's creator, M.G. Trend was the Bismarck on-site observer, a graduate

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[72] Abt Associates, *Second Annual Report on AAE,* pp. 41-5. It is notable that the report uses an older woman's word choice "a nice boy." The words are written by the on-site observer who is creating the character of Erna, and attempting to emulate the voice of the very kind of participant that was viewed as most deserving of government aid, a widowed retiree.

[73] Trend, *Housing Allowances for the Poor*, pp. 127-140.

student who went on to work for Abt Associates in Cambridge. He explained her actual origins in an extended version of her case appearing in his dissertation, which became the book *Housing Allowances for the Poor*. It is not clear how Erna's origin became distorted. The annual report was written before Trend's dissertation was completed; perhaps he sought to clarify confusion by explaining her true nature in his dissertation.

However fictional Erna was, the rhetorical work that Erna does in the *Second Annual Report* is quite real, and she is, in political terms, an incredibly fortuitous example. The report claims that she is real *and* characteristic, and so the sympathetic portrayal of her circumstances makes it easy to make favorable extrapolations about the overall program. The administrator's choice to make a house call for her final counseling session becomes, rather than an unnecessary administrative expense in "welfare-type" program, or preferential treatment for an older white enrollee, a kindness to a widow. Her confusion with the forms speaks to her age, not any flaw in the forms or the bureaucracies of EHAP. Furthermore, the fictional "real" Erna is, statistically speaking, not very characteristic of AAE recipients. Only 17 percent of AAE recipients were over age 65. Women did comprise 60 percent of AAE recipients, but only 23 percent of AAE households had only one member.[74] If Erna were over age 65, when Abt measured percentages of recipients who depended on public assistance, she would not be included in that count, since her payments were Social Security and not counted together with welfare. All of these qualities make Erna into the most politically favored and viable representative of the allowance program and the kind of person it would help. It If Mrs. Feist had been a single real participant, an argument could be made that no participant would be completely "typical." But Erna was an intentionally creation, and her identity was particularly free of problematic class, race and gender

[74] Abt Associates, *Second Annual Report of the Administrative Agency Experiment Evaluation, Experimental Housing Allowance Program, October 1973-October 1974.*, p. 87.

characteristics, instead reflecting those most palatable in policymaking: old age, disability, a traditional family structure. The qualities that made her sympathetic also made her uncharacteristic, and those were the qualities researchers used to typify a program participant in the most interpretive, holistic representations of the program. She was chosen to represent the program in the annual report, which was far more likely to be read by policymakers at HUD and even in Congress and than the local agency reports, special problem studies and dissertations that included multiple participant case studies.

The other case studies included in AAE reports, narrative records of individual recipients' experiences within unanalyzed appendices or, leave readers to interpret them without HUD or Abt analysis to correlate their cases to the program elements or social realities that impacted the efficacy of allowance approaches. They, like Erna, are represented as real participants whose names have been changed. The introduction to Wolfe's appendix to the Jacksonville study offers the cases as an illustration of some of the "problems that some of the enrollees encountered during the second enrollment period," following HUD's intervention in an effort salvage the program. The three cases include two young couples with children, one African American, one white, and a white single mother all of whom encounter barriers to participation. The households in these case studies experience several of the problems that befell the Jacksonville AAE. For example, the African American family attempts to enroll in the program without moving. Their unit fails inspection and in accordance with the agency's policy is issued a citation for violating housing code, and the landlord retaliates by forcing them to move out. They never receive an allowance payment because the then available program vouchers are handed out before they find an alternative unit.[75] Of the elderly participants in that

[75] Wolfe and Abt Associates, *Jacksonville,* pp. 33-34.

special study, researchers highlighted that although "all three cases, the participants received substantial assistance from sources outside the agency," many elderly households could participate successfully in a housing allowance program.[76] Implicit in the summation is a notion that inability to contract housing on the market was not as equally damning of all participant groups. The favored elderly were rightly aided, while extensive efforts to aid other groups might undermine intended development of their character and independence. In a case study approach without correlation or analysis, that distinction is only implicit.

What can be made of the use of case studies in the AAE, then? Do we look at Erna and say that they were contrived anecdotes designed to gin up sympathy and support for allowances? Do we look at the Jacksonville cases and say that recounting these stories was easier than analyzing their implications for the broader program policymakers envisioned? As Abt first imagined them, case studies would provide useful solutions that were invisible in statistics, like the improved form they imagined the Bismarck agency devising. What the case studies provided in the end was more an accounting of nuanced and intractable problems that remained when allowances were provided in a variety of regional environments, each inflected with its own set of barriers and beliefs related to the low-income status of participants and the complexities race and gender layered onto their limited financial resources.

AAE Results and Federal Policy

The naturalistic design of the AAE determined what data Abt collected and in turn determined how policymakers used Abt's analysis of the agency element. Naturalistic design made it difficult to gather quantitative data that could be compared between sites, and lack of

[76] Marian Wolfe and Abt Associates, *Elderly Participants in the Administrative Agency Experiment* (Cambridge: Abt Associates, 1977), p. 113.

comparative, quantitative analysis limited the uses of AAE results in policymaking. Worse, when they were used, the AAE findings could be readily misinterpreted and misunderstood. Much of the difficulty arose from the process of first defining data that could be translated it into the generalized EHAP findings might be used to justify a policy recommendation.

The McKenna Commission Report that framed much of President Reagan's low-income housing policy, including defunding low-income housing assistance through localization and direct assistance, took almost no note of the Administrative Agency Experiment results, not even in its section on administering the direct housing assistance. The only reference to AAE findings in the McKenna report came in discussing whether providing direct assistance truly provided minorities access to the private market and its benefits, particularly access to quality housing and "locational choice." In general EHAP results had shown that money alone would not generate locational choice or access, but the Commission found some data in the AAE it thought might counter this disappointing finding. In a curious conflation of various EHAP findings, the McKenna Commission concluded that "experience from the EHAP Administrative Agency and Demand Experiments indicates that an appropriate combination of information, supportive services, and equal-opportunity support is needed. Assistance payments by themselves do not appear to extend the locational choices of minorities." The AAE data supporting this conclusion was summarized: "[AAE data] suggest that when minority households living in tight housing markets were provided *individualized* assistance, they more often qualified for the program."[77] This conclusion represented more than a summary or condensation of various findings, it deviated from the data significantly to insinuate that "locational choice" could be "extended" by the services provided by agencies in tight markets. But the AAE did not correlate locational

[77] McKenna and United States, *The Report of the President's Commission on Housing*. p. 21. Emphasis added.

choices and counseling, only overall rates of success in finding standard housing without reference to location.

Further, the meaning of "qualified" was very specific in program data from the AAE, but completely non-specified in the McKenna report. Strictly speaking, the AAE did not measure what impact services had on qualifying for the program, because only families who qualified for the program received any services at all. The impact measured in by researchers was the ability of households to actually receive payments (become "recipients") *after* qualifying financially and deciding to enroll in an AAE program, thus initiating a search for *housing* that qualified by meeting safety and quality standards. Finally, the "individualized services," cited by the McKenna commission were not measured or defined in the AAE. Recall that researchers designated two types of services in the AAE: Formal and Responsive, and three types of agencies: Enabling, Casework and Responsive. The study reports compared results at the sites quantitatively according to these labels. However, agencies of at least two types assigned all participants an individual caseworker. It is not clear how these categories might map on the commission's term "individualized." The reports simply do not speak of "individualized" assistance, and so the relationship the Commission asserts was not measured in the AAE.

The Commission could cite no data correlating locational choice and counseling because researcher drew no conclusions about choice. Providing responsive services did, Abt Associates held, somewhat decrease the unequal attrition rates of whites and non-whites during the enrollment process, but even under the best responsive service regime, 82 percent of those households terminated from the program before finding standard housing and drawing a payment would be black. Segregated patterns of housing continued in every AAE site, as in every other site in EHAP, and allowance recipients did not contravene those patterns. Abt's data could not distinguish whether locational choices were “extended” by the program but households did not choose to move outside of their existing ethnic areas, as the Commission implies, or if discrimination prevented them from doing so.

Subsequent government sponsored forays into housing allowance experimentation eliminated “locational choice” in practice while maintaining it in political rhetoric and mandated that participants to move from high-density, low-income, minority communities into middle-class, predominantly white suburbs.[78] The ultimate preference for dictating locational choice clearly deviates from the free market philosophy that brought the government to experiment with allowances. Instead, these programs reflect interventionist social planning that validates and invests in the suburbs, areas of white racial concentration or middle class concentration, and perpetuate divestment from cities and areas of non-white racial concentration rather than trying to stabilize those areas.

Drawing these distinctions between findings in Abt reports and the use the government made of them does not reveal willful misrepresentation so much as the problems that arose when variables that had been narrowly constructed in order to make AAE results quantifiable were translated into generalizations in general policy recommendations. Policy changes explained, promoted and defended in the political and public arenas using the AAE findings as evidence

[78] The first program was created by the outcome of a consent decree in *Gautreaux v. Chicago Housing Authority*, a decade long lawsuit in which residents of public housing in Chicago sued the Chicago Housing Authority for intentional segregation. When subsequent tests of housing allowances such as the *Gautreaux* initiatives and Moving to Opportunity emerged, they eliminated “choice” in practice but not rhetoric and required participants to find housing that was both physically standard and geographically outside of areas of first racial concentrations and then, reflecting political sensitivities, concentrated poverty. For an analysis of this feature in the Moving to Opportunity Program, see Chapter 2 of Xavier de Souza-Briggs, Susan Popkin and John Goering’s *Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty* (Oxford: Oxford UP, 2010). The relationship between EHAP and Gautreaux, and the implication of the way these programs limited participants’ options in the “free” market is discussed in the final chapter.

tend to lose the very specificity that the discrete and therefore categories were created to provide. In going, roughly speaking, from data to statistic to anecdote, the scientific verisimilitude of the study was badly distorted.

Conclusion

Abt analyzed and recorded many elements of the AAE programs, but these findings rarely garnered the attention of policymakers or those who aggregated the agency element's data into EHAP-wide findings. Looking back, however, the reports of the agencies themselves, records of highly regionalized beliefs about the poor, non-whites and women, indicate that out of the hands of researchers, many of the boldest ideas of EHAP never stood a chance. While in the Supply and Demand elements, experimenters and the staffs they hired remained non-interfering when families struggled to find acceptable housing from a compliant landlord, and doled out payments directly to tenants even if the landlords objected, experienced agency staffs wanted to intervene and they did. When they intervened, local knowledge and assumptions, as well as direct experience and a desire for participants to successfully find housing and draw payments motivated their actions. The potential of the EHAP idea was weighed against their experience and pre-existing beliefs as they developed and executed the administrative agency element of EHAP and affected the resulting qualitative and quantitative data in turn.

Over the last 30 years of housing allowance programs, national programs have often adopted the locally rooted skepticism about needy families that appeared in the AAE. Implicit or explicit in many of the final reports is a view of households participating in the AAE as faulty, even irrational consumers of housing. The clearest case of this is in the provision of payments, which several agencies felt had to be made through dual payee check. The dual payee systems preferred by so many agencies deftly presaged the practices of non-experimental market housing programs like Section 8, now the Housing Choice Voucher program, in which portion of rent paid by the government agency goes directly to the landlord.

This view also predominates counseling in current market-based housing assistance programs, where extensive search assistance and even “landlord matching” is provided or secured via a referral to a community agency. Presumptions that counseling or direct lease negotiations by caseworkers would be required to assure that clients obtained suitable housing appeared at several AAE sites, and subsequent housing allowances including the *Gautreaux* program and Moving to Opportunity rely on non-profit agencies or program staff to “match” allowance recipients to landlords in housing units that fulfill the locational mandates of those programs. These programs often rely on a designated submarket of buildings accepting the vouchers. Assisted households therefore compete for units segregated from the rest of the housing market by their willingness to accept government payments.

The current system is a far cry from that envisioned by the earliest advocates of housing allowances, who saw them participating as equals to non-subsidized households in a single, free housing market. It is, however, somewhat closer in form to the allowance programs implemented by professional providers of government assistance in the AAE. In some ways, these providers neutralized the radical potential of the program, as in the provision of payments. In other ways, as with the Springfield anti-discrimination and fair housing programming, they delivered services far more radical than the federal government was willing to provide.

In light of the AAE experience, the very idea of EHAP, and its implementation in the other elements, however flawed, seems all the more remarkable. American society in the early to mid-1970s was undergoing intense regional and national struggles to negotiate racial, gender and class laws and attitudes that had been destabilized by legislation, social movements and urban crises. That destabilization, it seemed, created an opportunity for researchers to experiment with methods that few existing agencies deemed wise, based on a radical idea about the poor—that they might be able to succeed in the market if they just had the money. The focus of the following, final chapter of the dissertation is the contrast between on one hand, the dismal fate of that idea and of much of the knowledge produced in the various parts of the EHAP in housing aid programs and on the other the resounding success of the rhetoric that surrounded the idea, of markets, choice, opportunity and the "personal responsibility" embraced in the Republican "Contract with America," and much of the subsequent assistance reform legislation, which was signed into law by President Clinton, a Democrat.

Chapter 5:

The Findings of the Housing Allowance Experiments and their Implications in the late 1970s, early 1980s and beyond

> "…the question of political coalitions and legislative feasibility is central to any consideration of the policy implications of the experiment."
> - Henry Aaron in *Do Housing Allowances Work?*

Introduction

Just as it had begun, EHAP ended not with a single moment, but in a staggered fashion as each of the three experimental elements ran its course, and as policy demands pushed results from the various elements into the service of different needs and plans at HUD and in the broader political world. In this final chapter, I examine three different but interwoven aspects of the staggered end of the Experimental Housing Allowance Program. First, the chapter looks briefly at how the programs at the twelve experimental sites were brought to their staggered ends and at what lasting impacts EHAP had in those cities. Ending the program created ethical and practical questions at each site, and in some cases led to the creation of legacy assistance programs for participants that persist to this day. Those legacy programs use and defend generous federal housing funding allocated due to the experiment that would never have been allocated under the non-experimental allocation policies at HUD. The experimental sites themselves are thus imbued with one legacy of EHAP. Thirty years or more after the experiment ended, housing programs in some of these twelve cities are still treated and funded differently by HUD than similarly situated sites that did not participate.

Second, the chapter will examine the aftermath of EHAP through the lens of its findings and their more immediate role in housing policy under President Reagan. Initially, this section looks at how EHAP researchers and those interested in low-income housing and the economics of housing subsidies interpreted the data and the analysis of that data the EHAP research institutes provided. Then the section turns to efforts by the Reagan administration to implement the program's findings as part of an effort at sweeping change in HUD policy. The Reagan effort ultimately fell short, but understanding it sheds light on the philosophical underpinnings of the early Reagan presidency and on how social experimentation shaped interactions between Congress and the Executive in the federal budget process. Finally, this section demonstrates how some of the results of EHAP have been applied, extrapolated and debated in housing policy more broadly, including internationally. Those impacts suggest that EHAP ought be regarded as an influence beyond just domestic policy.

Lastly, in concluding the chapter as well as this history of EHAP, the chapter examines current low-income housing policy and debate. Despite the hopes of EHAP advocates and researchers, experimentation did not provide irrefutable quantitative answers to many crucial policy questions. Furthermore, the current state of policy and debate suggests that even where clear answers emerged from the experiment, historical, cultural and of course political factors often led to even answers being discounted. Other answers seem to respond to questions no longer relevant ten years after EHAP began.

Those who set out to experiment in the 1970s under President Nixon could scarcely have anticipated who might be president a decade later when the results became available. Had it been a president less interested in advancing a free market philosophy without being seen to abjectly discard social programs, the results of EHAP might have had an even more limited political impact. Had the president at the time been more liberal, and more supportive of developing the social safety net, a very different set of EHAP findings might have been emphasized, and the voucher approach over all have been found wanting. The EHAP and contemporary housing programs with their voucher emphasis, are related, but as policy second cousins rather than the parent and child that an allowance experiment and HUD's housing voucher program might at first seem to be. The current "Housing Choice Voucher" program, commonly still called Section 8, has ancestral links to EHAP. I argue, however, that its premise, scope and goals have only limited family resemblance to the allowance program imagined by Ira Lowry, Edward Brooke, and authors of the Kaiser, Kerner and Douglas Commission reports in the late 1960s, and that further re-examination of EHAP might generate improvements to the current generation of housing assistance program on the basis of EHAP findings, both quantitative and qualitative. The current regime of market-based and driven housing assistance programs is, in the final analysis, a product of how government agencies, research institutes and local communities grappled with changes to society in terms of class, gender, and race in the aftermath of mid-20th century social movements and the urban crisis of the late 1960s.

Ending the Experiments at the Research Sites

In the field, the first necessity at each site was drawing the program to a close in a way that was cost-effective and yet avoided leaving participants, to the extent possible, without any housing assistance. The Administrative Agency Experiment (AAE) was the first aspect of EHAP to operate in the field, and the first to begin closing down. The Housing Assistance Supply Experiment (HASE), which had guaranteed 10 years of allowance payments to participants, was the last. HASE also had the largest number of participants per site. However, the extended HASE payments timeline meant that while major data gathering had ended by 1977, and been completed altogether by 1979, participants received program payments as late as 1984.

Ending the experiment at each site represented a challenge for the research contractor and for HUD, which made a commitment to participants at the outset to help them transition into other assistance programs at the end of their allowance payment term.[1] In the late 1970s and early 1980s, that commitment was often difficult to meet within the constraints of available HUD programs. None of the existing programs had the same requirements for eligibility, payments or housing standards as EHAP. The transition was easiest in those sites where participant numbers were small and the allowance payments had been relatively short-term, but even in those places, the challenges were significant.

In the AAE, the program staff of the pre-existing agencies at the various field sites was charged with transitioning participants onto available forms of housing assistance, but this proved difficult. The Durham, North Carolina agency, for example, noted that while at the outset HUD had “planned to convert much of the EHAP program to Section 23 Leased Housing and to honorably fulfill HUD’s total commitment to experimental families,” that plan had been abruptly changed in mid-1975, leaving the Durham agency with out a plan to deal “honorably” with the commitment it felt it had made to participants. The Durham agency noted that it continued “administration” of eligible families pending an acceptable resolution, but it did not clarify whether that administration included making payments from alternative housing funds.[2] It is likely that the plans for the Durham families changed as HUD reshaped low-income housing assistance in light of the creation of Section 8 in 1974, curtailing Section 23.

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[1] William Hamilton, *A Social Experiment in Program Administration: The Housing Allowance Administrative Agency Experiment* (Cambridge: Abt Books, 1979), p. 15.

[2] Donita Benson, *Experimental Housing Allowance Program, Durham, North Carolina: Final Report* (Durham, N.C.: Durham County Dept. of Social Service, 1977), p. 36.

The lead AAE research contractor, Abt Associates, however, did not discuss any problem with participant transition in its final annual report, suggesting that they did not share the local agencies concerns about how families would fare after the program. Abt Associates' final report simply noted that "by the end of 1976, the operational phase of the experiment was virtually completed. The eight agencies were all in the last stages of their participation. Most of their recipients had either left the program or had only a few months of experimental housing payments remaining. The agencies were busy transferring the remaining participants to other housing programs." No specific data about the rate of program transfer in the AAE was provided in the annual report.[3]

The reference to a "busy" transition is plausible in at least some of the sites. A subsequent survey of four AAE sites conducted by RAND Corporation reported that at least three of the four agencies continued to make payments to the households still enrolled at the end of the contract commitment, and one even continued to enroll new households. Since the AAE sites were terminated in the late 1970s, each site retained its Section 23 leased housing contract with HUD and continued to receive a certain program funds. AAE households could participate in Section 23 as long as they met income and housing standard requirements, and if agencies had direct control of these funds, the implementation may have been more flexible. However, as Section 23 was phased out and replaced by Section 8, housing authorities shifted the funds into that program as AAE participants left through attrition. That conversion, because of higher program costs under Section 8, cost the housing authorities about half the initial number of units

[3] Frederick T Temple, *Third Annual Report of the Administrative Agency Experiment Evaluation Experimental Allowance Program* (Cambridge, Mass.: Abt Associates, 1976), p. 6.

funded by the Section 23 payments.[4] For the participants, this approach maximized continuity and access to assistance. For the housing authorities, it largely circumvented the ethical quandary involved in abrupt termination of the payments. For HUD, any feeling of special obligation to experimental households seems to have ended long prior, but local efforts were accepted within the rubric of other programs.

The Housing Allowance Demand Experiment (HADE), encountered more significant transition difficulties, partially because the program had been administered directly by Abt Associates staff, not local agencies. Some of the difficulty arose from the same reticence to apply to government assistance that contributed to lower than expected enrollment rates in EHAP overall. To address this problem, the HADE transition involved the same level of individual attention that characterized enrollment in the Demand element. The intensive transition effort began six months before a family's allowance ended with an invitation to a group information session. Any family that did not attend was followed-up with individually, by phone and house call if necessary. According to Abt Associates, "post-program assistance was incorporated in to the design of the experiment for both ethical and experimental reasons." Ethically, some obligation existed for all EHAP participants because the increased income may have given the families a feeling of being better off which diffused into long-term, hard to reverse household decisions. Abt Associates perceived a further obligation to HADE families because they had been "directly solicited" to enroll. Other EHAP participants, by contrast, decided to apply after seeing the program marketed or being referred by a friend or social welfare agency. Furthermore, giving participants a clear indication that ongoing assistance was forthcoming was anticipated to improve the experimental data by limiting any changes in behavior or "termination effects"

[4] W. Eugene Rizor, *Phasing Out the Experimental Housing Allowance Program in St. Joseph County, Indiana* (Santa Monica: Rand, 1983), p. 36–8.

prompted by the knowledge that the allowance payments were ending.[5] Unlike in the HASE, the short two-year timeline of HADE meant that household behavioral data was collected until the final allowance payments, and thus behavioral changes might distort the data.

For this reason, Abt Associates undertook considerable efforts to help families into ongoing housing programs, but the efforts were overwhelmingly unsuccessful. Unlike in the AAE, 1,650 families, fully 75% of the HADE participants, applied to other housing programs. Another 15% had been found by program staff to have incomes too high to qualify and thus could not be offered transition assistance. Of those 1,650 families, only 25% managed to enroll and receive assistance from another program, mirroring precisely the participation rate for HADE itself, in which just 25% of those offered enrollment ever drew a payment.[6] Another part of the problem was eligibility and enrollment differences between HADE and the Section 23 and Section 8 programs to which families applied. Many HADE families could not qualify while living in the residences or paying the rental amounts that they had in HADE, since many of the HADE payment formulas and housing standards requirements (or absence of requirements) were less strict than those in ongoing programs. Abt Associates cited housing quality inspections as a particular obstacle, since in HADE these inspections were, if required, performed by the program staff. In the target transition programs, the work required to secure an inspection rested with the families, and the Housing Authorities made no extra effort to ensure inspections were completed for those transitioning from EHAP. The transition rate in Pittsburgh was further reduced by low vacancy rates, low housing quality, and a lack of comparable housing assistance programs in

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[5] Stephen Kennedy and Helen Bakeman, *Fourth Annual Report of the Demand Experiment: Experimental Housing Allowance Program, January 1, 1976-December 31, 1976* (Cambridge: Abt Associates, 1977), pp. 57–8.

[6] Ibid., pp. 59–60.

areas where participants lived.[7] Ultimately, allowance payments ended for fully 75% of participants in HADE without any successful transition into another program.

As it had since its inception, size and visibility made the Supply element the most politically perilous element to bring to an end. As in the Demand and AAE experiments, plans called for participants to be transitioned into existing non-experimental housing assistance programs. However, half of the participants in the Supply sites, South Bend and Green Bay, were homeowners. This fact compounded the difficulty of transition, as homeowners were ineligible for the subsidy programs that HUD had underway at the time. Also contributing to the difficulty was that by the end of the Supply Experiment payment commitments in 1983-4, housing assistance programs faced significant cuts in the federal budget. Since the allowance program had garnered both cities more funding than they would have been accorded in HUD's usual population-based calculations, other housing programs had little cushion in their funding to receive former Supply experiment participant. Furthermore, continuing households would have to transition directly into Section 8, rather than Section 23, which was being curtailed and merged into Section 8.

As had been the case all along, things went more smoothly in Green Bay, where despite the lack of solutions for homeowners, a longer lead time allowed the housing authority to transition naturally occurring allowance program vacancies into new Section 8 entitlements. This provided greater leeway in meet the required attrition rate of nearly 2:1 (2 allowance program unit vacancies needed to fund a single Section 8 unit allocation).[8] Furthermore, since Green Bay did not have a suitable Public Housing Authority, it was decided that the housing allowance

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[7] Ibid., p. 62.

[8] Rizor, *Phasing Out the Experimental Housing Allowance Program in St. Joseph County, Indiana*.

office would continue to administer the program, generating greater continuity and an earlier beginning to the transition. That organization continues to administer community housing programs in Green Bay.[9]

The challenge of ending EHAP in South Bend arose from two sources—declining population and a limited timeline for transition. HUD had envisioned as early as the summer of 1980 that renters would transition to Section 8 existing housing by September 1984, but direct transition was often impossible. HUD's communications with its Indianapolis Office about the transition reflect awareness of that eligibility mismatch outside of the homeowner situation. While aware, HUD did not appear concerned, saying in a memo only that, "in the event that HUD may have established a program for low-income homeowners by that date," South Bend homeowner-allowance recipients should be transferred into if eligible.[10] Seeking an ethically and politically acceptable solution in the face of little evidence of action by HUD, the South Bend Housing Authority sought outside help.

The Authority contracted directly with RAND, which was of course familiar with the EHAP programs, to provide an assessment of the situation and a report outlining their options. That report was issued in 1983, highlighting the limited timeframe South Bend faced before payments ended in 1984. *Phasing Out the Experimental Housing Allowance Program in St. Joseph County* found that, as in the Demand element, the difference between Section 8 requirements and EHAP requirements was a significant obstacle. Fully 56% of allowance recipients in South Bend were ineligible for the Section 8 program because of their household

[9] Integrated Community Solutions, "History" Integrated Community Solutions, Inc. www.ics-gb.org/about/history (accessed January 3, 2013). Integrated Community Solutions is the legacy organization of the Housing Allowance Office in Green Bay, which retained that name until 1997.

[10] Rizor, *Phasing Out the Experimental Housing Allowance Program in St. Joseph County, Indiana*, p. 8.

characteristics, including homeowner status. 35% were eligible for Section in the unit they currently rented, the remaining 9% would need to move to qualify.[11] The RAND report noted that those who might qualify under Section 8 were not necessarily eager to participate in a program that was not marketed as "experimental" and perhaps seemed both bureaucratically burdensome and socially stigmatized. Furthermore, Section 8 required a direct contractual relationship between the housing authority and the landlord that EHAP had not. Landlords might refuse on those grounds to accept Section 8, so there was little guarantee of success if a search was undertaken. The report made several recommendations intended to mitigate these issues. However, 84% of the ineligibles were homeowners, and neither HUD nor the RAND report could envision much chance of a solution for them. Despite the ascendance of the ownership ideology, it would be many more years before any of HUD's market-based allowance programs permitted HUD assistance money to be used to make mortgage payments.[12]

Ultimately few participants in St. Joseph's County found a program into which they might transition, a fact that local officials had anticipated and attempted to see addressed when HUD Secretary Patricia Harris visited the area in October 1977.[13] Despite years of attention to the issue, it was ultimately those local officials who dealt in what piecemeal ways they could with participant households' ongoing housing needs. While both Brown and Saint Joseph's Counties retained their EHAP elevated levels of HUD funding subsequent to the program, few EHAP households could benefit.

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[11] Ibid., p. 11.

[12] For a discussion of how ownership has trickled into subsidy programs, see Jeremy B Johnson, "Beyond Retrenchment- The Political and Ideological Foundations of the New American Welfare State, 1970-2000" Unpublished PhD. Diss. (Brown University, 2010), http://gradworks.umi.com/34/30/3430061.html.

[13] "Indiana HASE Briefing Book for Patricia Harris, October 1977" Box 28, Patricia Harris Papers, Manuscript Division, LOC.

Results: Analyzing the Data

Reflecting the staggered end of the experiments themselves, the roll out of findings from them spanned several years. The process of analyzing and disbursing the vast data generated by EHAP, which researchers estimated at one-third the data collected in the decennial Census, was long and not straightforward.[14] The years spanned by the release of findings saw the end of the liberal Carter administration and the ascendance of a new vision for the role of government in domestic policy, ushered in by the election of Ronald Reagan. These political transformations promised to bring changes to housing policy, to the Department of Housing and Urban Development (HUD), and introduced uncertainties for the government contract-dependent research institutes that published the findings. As a result, the final EHAP reports required more than a simple "plug and chug" of a massive data set through powerful supercomputers and the minds of researchers. They also reflected the efforts of those researchers to indicate the relevance of their findings in the two varied policy environments of the Carter and Reagan administrations. Neither bore a strong resemblance to the atmosphere of urban crisis from which the mandate from EHAP and the political interest in housing allowances had emerged between 1968 and 1970, increasing the challenge for researchers. Both the meaning of the social experiment itself, and the meaning of the findings differed according to the political climate. The next few sections explores those differences, and their meaning, treating transforming the political climate itself as a variable to be examined as part of this historical analysis of EHAP. To that end, this section first describes briefly the seven major publications of EHAP findings and analysis from this period, noting their relationship to the experimental enterprise as well as the political moment of

[14] Joseph Friedman and Daniel Weinberg, eds., *The Great Housing Experiment* (Beverly Hills: Sage Publications, 1983), p. 261.

their publication. The next three sections discuss some of the challenges of combining results from the experiments in order to produce more persuasive findings, and highlight some major areas of agreement and disagreement among the various findings and how in changing policy environments the findings influenced and informed housing assistance policy.

The majority of the final reports on EHAP were written during the Carter administration, before his defeat by Reagan in November, although some were not published until after the change of power at the White House. Some "early findings," often drawn from the Wilmington, Delaware and Kansas City experiments rather than from findings from EHAP proper, had been released prior to 1976. The first findings based on EHAP itself emerged in that year, but not until 1979 was the first "final report" of findings from any aspect of EHAP published. That report, *A Social Experiment in Program Administration: The Housing Allowance Administrative Agency Experiment*, was published by Abt Associates and written primarily by researcher William Hamilton.[15] Publication of final findings continued over the next four years, ending with an edited volume called *The Great Housing Experiment,* 1983. In total, seven volumes of significant analysis of the three experiments were completed and disseminated widely.

In 1980, HUD published a relatively brief report of just over 100 pages, *Experimental Housing Allowance Program: Conclusions, The 1980 Report*.[16] The 1980 report was designed to be comprehensible by policymakers and stakeholders, omitting most of the technical details and mathematical analyses that supported its conclusions. In fact, HUD published the report before much of the Supply experiment findings were available. Abt Associates' Stephen Kennedy

[15] Hamilton, *A Social Experiment in Program Administration: The Housing Allowance Administrative Agency Experiment*.

[16] Dept. of Housing and Urban Development, Division of Housing Assistance Research, *Experimental Housing Allowance Program: Conclusions, The 1980 Report.* (Washington, D.C.: U.S. Dept. of Housing and Urban Development, 1980).

published the final report of the Demand Experiment in that year as well. The HADE final report was the most technical of all the final reports, and appealing to the limited audience of policy bureaucrats and housing specialists as the annual reports rather than the broader audience of interested stakeholders that most of the final publications targeted.

While the Carter-era political environment was thus friendly to many early social goals of the experiment, such as integration and revitalization of the cities, the administration evidenced no interest in the massive expansion of housing or other entitlement programs. Accordingly, most interested stakeholders anticipated little chance to influence housing policy via the publication and promotion of EHAP findings. In fact, several efforts of varied strength had been made just prior to the end of the experiment to curtail the EHAP data analysis. Where analysis extended into "basic research" on the nature of the housing market rather than remaining focused on the narrower range of questions with potentially immediate policy significance, pressure was strong.[17] With the election Ronald Reagan in November of 1980, the policy environment entered a period first of uncertainty and then of new and largely unexpected potential for changes in housing policy and for a potential program of universal housing allowances.

In 1981, EHAP contractor cum think tank the Urban Institute, and the Brookings Institute, which had no contractual relationship to EHAP, published the two most synthetic treatments of EHAP. Both were prepared before the election of Reagan, and thus reflect the Carter era policy environment. The Urban Institute's work was called *Housing Vouchers for the Poor*, a title reflective, as will be discussed shortly, of subtle but meaningful revisions to the

[17] On the disputes over completing EHAP see Lowry, *Experimenting with Housing Allowances*, 367 and House Committee on Banking, Currency and Housing, *The Housing Authorization Act of 1976, Hearings before the Subcommittee on Housing and Community Development*, 94th Cong., 2nd Sess., March 2 and 3, 1976, pp. 100-103, 261-3, 362.

market-based housing assistance ethos among policymakers and stakeholders.[18] It was authored by the housing allowance research team at the Urban Institute, which had overseen the early design of EHAP. At that time, Urban was also tasked with developing which was to be an "Integrated Analysis" of the findings that would maximize their general applicability by drawing together data from as many sites as possible. Early on in the planning, researchers intended for much of the data from the three elements to be merged into what would serve as a sort of meta-experiment, creating the maximum possible generalizability from the research. The "Integrated Analysis" was planned alongside the three field elements of EHAP, and each aspect was refined and modified with the intention of ensuring that its data could be contributed into the larger Integrated Analysis. This required extensive coordination between the Urban Institute and the field research contractors, Abt Associates and RAND Corporation. From the perspective of the Urban Institute, and initially HUD as well, the integrated analysis represented the chance to, in essence, execute a fourth experiment within EHAP without the need for additional sites. As discussed in the first chapter, it was to that end that the payment formula called the "Housing Gap" plan in the Demand experiment was selected as the "design center" for the experiment overall, providing the payments formula used in the Supply and AAE experiments. Further steps envisioned by the Urban Institute included standardization of the housing and equal opportunity information provided by all counselors in the Supply and Demand elements, and coordination of the questions asked in the dozens of surveys.

However, that vision of standardization was not fully translated into practice in the field. As the aspects of EHAP shifted from Urban Institute's plans to the field execution controlled by Abt Associates and RAND, the standardization diminished. The three field programs all used

[18] Raymond Struyk and Marc Bendick, eds., *Housing Vouchers for the Poor: Lessons from a National Experiment* (Washington, D.C.: Urban Institute Press, 1981).

different methods to identify and enroll participants as well, a decision that created problems in integrating data to answer fundamental questions such as how high participation rates would be and what demographics were most apt to participate. Only the Supply Element operated under a version of the first-come, first-served model, allowing all comers to enroll. The Demand Experiment, as discussed in Chapter Two, targeted particular households with personal offers to enroll. In the AAE, an open offer was advertised, but the agencies had been instructed to enroll households in order to match local demographics with respect to age, race, and family composition, and thus those offered participation were selectees of the agencies. Counseling programs in the AAE were always intended to vary, but Abt Associates and HUD contracted with the Urban League to provide counseling (including training in housing search and equal opportunity information) to Demand Element households, Supply Element households received only the limited services provided by the Housing Allowance office staff. The housing quality standards used to qualify potential units were also chosen independently by the three experiments, and in the end were found to vary in their stringency, as well as in subsequent enforcement, which was provided by trained inspectors, housing office staff, and by participants themselves in various sites.

The questions asked in surveys ultimately began to diverge as well, as each was shaped toward the research questions particular to the sub-experiment. For example, the Demand element tracked each enrolling households throughout the experiment and interviewed them repeatedly, whereas the Supply Experiment surveyed the entire market by following a sample of housing units, and thus had the opportunity to survey enrollees only when they resided, by chance, in one of the units selected. Initially, this was believed to ensure sufficient household interviews in the Supply sites because of the program's scale, but lower than expected participation rates dramatically reduced the number of participating households interviewed.

As a result of these methodological inconsistencies, Urban Institute's "Integrated Analysis" project, as well as *Housing Vouchers for the Poor*, extend the analysis provided in other reports in ways more limited than researchers had intended. Rather than truly integrating and analyzing whole data sets from the three elements, the findings in the Urban Institute volume tend to compare findings, noting where outcomes from one element reinforced or undermined findings from another element. While the Urban Institute's work thus fell short of the intended integrated analysis, its connection of the three elements as well as its coverage of the early planning of EHAP made a critical contribution to any understanding of the program.

In June 1981, the Brookings Institute published the first major assessment of EHAP by experts not directly involved in conducting the three experiments. The proceedings of a 1979 conference on EHAP, *Do Housing Allowances Work?,* compiled papers that drew on the AAE and HADE findings, as well as on the then-available data from the Supply Experiment. The authors of papers the published in *Do Housing Allowances Work?* were academic specialists in housing policy who wrote at Brookings' invitation. Each paper was responded to by housing policy experts with long standing interests in the allowance program, from Brookings' Henry Aaron to Alice Rivlin, who was by then first the director of the Congressional Budget Office. Notably, Edgar Olsen, who had written on allowances as a young analyst at RAND even before the EHAP legislation passed, also contributed. Members of the research teams from RAND and Abt Associates attended the conference. Together, these experts assessed and debated the meaning of EHAP findings and the value of the social experiment as a tool of policymaking. Presciently, many conference participants identified the potential of building a broad and long lasting coalition to sustain a housing assistance program such changing political tides as one of the potential benefits of an allowance earmarked for housing, especially as compared to a program of general income transfers.[19] As it turned out, market-based housing programs would be preserved by such a coalition for decades into the future.

The final round of publications came in 1983, when RAND presented the final report from EHAP's largest dataset—from the Supply Experiment. Written mainly by Ira Lowry, it was called *Experimenting with Housing Allowances—the Final Report of the Housing Assistance Supply Experiment*.[20] Also that year, Urban Affairs Review published *The Great Housing Experiment* as part of an annual series of monographs published by the journal.[21] The volume included reports written by the major field and analysis leads for all three experiments, but they wrote in their "private capacities" rather than for the research institutes under HUD contracted. Like *The Great Housing Experiment*, the Lowry's RAND volume contributed new information to the body of EHAP findings. In particular, *Experimenting with Housing Allowances* made the strongest case to date that even a universal allowance program would not trigger price increases in the broader housing market. To that point, some housing experts still questioned this finding when it was asserted on the basis of earlier Supply experiment findings.[22]

As a set, these seven volumes represented the analytical capstone of EHAP, the decades long social experiment that dwarfed all others. Even in their most condensed, summary form, the findings were extensive. Exclusive of indices, just these seven publications total more than 2000

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[19] Katharine Bradbury and Anthony Downs, eds., *Do Housing Allowances Work?* (Washington, D.C.: Brookings Institution, 1981), cf. pp. 60, 87, 340.

[20] Ira Lowry, *Experimenting with Housing Allowances: The Final Report of the Housing Assistance Supply Experiment* (Cambridge: Oelgeschlager Gunn & Hain, 1983).

[21] Friedman and Weinberg, *The Great Housing Experiment*.

[22] For example, John Kain raised the issue in "A Universal Housing Allowance Program" in *Do Housing Allowances Work?*, pp. 340, 359-60.

pages. Reading the final reports would be a significant undertaking for any politician, policy maker, or policy expert seeking a comprehensive understanding of EHAP's results, and much of the nuance of the findings would still be lost. The shortest and most accessible publication, HUD's summary report, was over 100 pages long. Other publications neared or exceeded 300 pages, and the Supply Experiment findings and the Urban Institute report both exceeded 400. The data collected and analyzed as a result of EHAP represented the greatest body of data on housing markets and assistance in America to that point, but it bordered on too vast to be comprehensible and deployable. Subtle distinctions and alternative interpretations with great potential relevance could easily be subsumed beneath the mountain of findings. Some such diminutions, like the qualitative assessments offered by the onsite observers, have been discussed in previous chapters, others will become evident in the forthcoming discussion of how EHAP findings have influenced (and also failed to influence) housing policy and programs.

The Findings: Areas of Consensus

Despite the challenges of summarizing the summaries of a massive data analysis undertaking, some areas of broad agreement in the interpretation of EHAP by researchers and experts can be discerned. These broad consensuses addressed some of the biggest obstacles to the implementation of market-based housing assistance, upending commonly held assumptions that had prevented a full embrace of market-based housing assistance at the various intervals when such a shift had been contemplated. Whether the consensus was good or bad news from a policy perspective depended, of course, entirely on ones political orientation. Nevertheless, a few key findings were widely, even universally accepted.

Perhaps the most significant finding of EHAP came as little surprise to most policymakers, although some were surprised at its magnitude. Across all the sites, housing allowances were found to be far more cost effective than construction programs. Dollar for dollar, an allowance program bought far more housing than a similar program that built that housing from scratch. Based on data from the Demand Experiment, Urban Institute determined that to obtain, in free market housing equivalence, a dollar's worth of housing, the allowance program might spend as little as a $1.09, where as new construction and conventional public housing programs would have to spend anywhere between $1.47 and $2.20.[23] Thus, even if a universal open enrollment housing program was not pursued, a housing assistance budget of any amount could go as much as twice as far when directed towards payments to be used in the free market on existing housing. Beneficiaries and supporters of construction-based programs, from builders to advocacy groups, objected to using this measure of cost because of the loss of other benefits obtaining to their industries. Nevertheless, the cost analysis was one of the largest weights to be placed on the scales of policy evaluation in the budget conscious 1980s.

In fact, the policy debate, was livelier over a related but different question about the costs and values of government assistance programs. Experts debated whether there was any justifiable reason for the government to continue to provide housing specific assistance programs when a dollar of general assistance were more valued by participants and had a far greater stimulative effect because they produced a larger increase in consumption. [24] While the economic argument seemed had been resolved, the policy argument about whether earmarking programs for use in housing was a valid option to protect funding for some kind of assistance in a political

[23] Morton Isler, "Policy Implications" in *Housing Vouchers for the Poor: Lessons from a National Experiment*, pp. 284-7.

[24] Frank de Leeuw, "Comments on the Aaron Paper" in *Do Housing Allowances Work?*, p. 102.

environment where strong coalitions of stakeholders were needed to protect funding for domestic programs, and in which antipathy towards direct assistance or "welfare" was steadily growing.[25] As the rest of this chapter will suggest, in this prickly political environment, evidence about cost became increasingly significant in policy debates about housing.

Another arena in which the EHAP analyses reached broad consensus was in understanding the relationship between housing quality standards, as earmarks, and the rate at which various households participated in assistance programs. In this case, the failure to select a common housing standard across the three elements proved unexpectedly helpful, as the subtle variations had an impact on participation and improvement of the units. In EHAP, local housing codes or similar national proposed codes were the most common standards to which participating households needed to adhere in order to draw payments. They served as an "earmark" meant to target at least some of the household's increased income to meeting these standards and improving their housing. The initial intent was to make concrete the rather nebulous "safe home and decent living environment" to which housing programs aspired since the New Deal, using particular standards as a proxy for general quality.

EHAP findings pointed to two conclusions about earmarking and standards. First research found that using concrete housing standards, perversely, that the households least likely to participate were those whose homes fell furthest short of the standards. Those living in housing of lowest quality were therefore least likely to participate in the program. This held true even in the face of significant increases in payments. Lowered standards did increase participation rates, but in the same pattern. The most poorly housed remaining least likely to

[25] Aaron, "Policy Implications: A Progress Report," *Do Housing Allowances Work?,* p. 87 and Anthony Downs and Katherine Bradbury, "Conference Discussion," *Do Housing Allowances Work?*, p. 384.

become participants. Housing codes or other very specific standards made poor policy tools for two reasons. First, they did very little to address the “living environment” portion of the housing mission, that is the portion concerned with neighborhood quality rather than the four walls comprising the unit. The second they did not act as a proxy for general quality by inducing general upgrades. Instead, the specific repairs required to pass the exact standard were made and others were not. If the standard called for railings on stairways of more than four steps, they would not be added to stairways with three steps, nor would other repairs be made to the walkways or entryways to which the stairs led. The consequences of this were repairs of limited scope. Field staff were also concerned that households in dwellings that fell on the margins of the standards failed inspections, requiring high cost repairs that the staff felt had negligible impacts on the “real” quality of the unit. Sometimes staff simply dispensed with standards they found arbitrary.[26] An oft-cited example was the requirement for certain ratios of window space to floor space. Units, particularly in cold climate regions, might fail this standard by only a percent or two, and landlords were seldom willing to replace entire window bays to satisfy the requirement.[27] Families whose units failed for this reason then had to undertake additional time-consuming housing search to receive the payment with only a marginal, if any, improvement in their housing quality, diminishing the perceived value of the allowance. The only caveat researchers found in this disappointing analysis of the role of housing standards was that over the long term, earmarking to standards did seem to encourage maintenance that would otherwise have gone undone. This maintenance potentially prevented deterioration in housing conditions

[26] Hamilton, *A Social Experiment in Program Administration: The Housing Allowance Administrative Agency Experiment*, p. 110.

[27] David W Budding, *Housing Deprivation among Enrollees in the Housing Allowance Demand Experiment* (Cambridge: Abt Associates, 1980); David W Budding, *Inspection: Implementing Housing Quality Requirements in the Administrative Agency Experiment* (Cambridge: Abt Associates, 1977). Also Downs and Bradbury, “Conference Discussion,” p. 382-3.

significant enough that some speculated the potential for a cumulative effect on neighborhoods.[28] None of the time horizons in the experiment, even in the HASE sites, was long enough to show more than the potential for this outcome, however.

The final area of general agreement among researchers was that even a universal open enrollment program of housing allowances would not cause inflation in housing prices. This finding represented a unilateral answer to the question of paramount importance at the outset of EHAP. The virtual consensus was that the program would cause inflation, and in many experts' minds the real question was if the level might be low enough to be tolerable. EHAP showed that the combination of low participation rates (35-48 percent of eligible households) and the very small increment by which participants increased their housing spending made so few ripples in the local economy that inflation was unlikely in at any level of support imaginable in the contemporary policy environment.[29] The finding itself was no less surprising at the experiments conclusion than it would have been at the outset. The practical significance of this finding, however, was negligible because the underlying policy environment had shifted to a point where no one seemed to contemplate creating a universal entitlement housing assistance program. At these levels of participation, the cost was a smaller than expected high-end cost of $8.4 billion (1976) dollars, but no one was interested.[30] Reflecting the changed policy environment, HUD publications calculated estimated costs per participant and provided no estimate of the cost of a

[28] Carol Hillestead and James McDowell, "Neighborhood Change" in *The Great Housing Experiment*, p. 226.

[29] Isler, "Policy Implications," *Housing Vouchers for the Poor*, pp. 280–82; Stephen Mayo, "Benefits from Subsidized Housing" in *The Great Housing Experiment*, pp. 253-55.

[30] John Kain, "A Universal Housing Allowance Program" in Bradbury and Downs, *Do Housing Allowances Work?*, p. 364.

universal program.[31] In the early 1980s, any seriously contemplated program would be far smaller in scope than the open enrollment tests and thus have even effect on the housing market. In this policy environment, cost savings trumped lack of inflation in terms of the immediate significance of EHAP analysis.

The Findings: Disagreements and a Shifted Political Climate

While broad consensus existed regarding what EHAP meant for some of the questions that had been more politically important at the outset of the endeavor, the findings were released into a political climate very different from the one in which the experiment began. Different questions about housing assistance, social policy, and the role of research found new prominence. Partially because these questions could not have been anticipated at the outset, analysis of the EHAP data provided fewer definitive answers about some of these newly important questions than researchers or policymakers would have liked. This section considers the range of interpretations of two such questions. For them, EHAP did not lead to a clear consensus or to an objective basis on which to make policy decisions. First, the section looks at debates over the necessity and/or desirability of providing counseling and supportive services in market-based housing assistance programs. Then, the section turns to a related disagreement about whether EHAP demonstrated that there was no widespread problem with the quality of the low-income housing stock and thus no need to provide incentives to improve it.

The notion that certain kinds of households would need special assistance to make use of a housing was always implicit, and sometimes explicit, in discussions of market based housing assistance. Philosophically, the need for such assistance derived from two sources. One the kind

[31] Dept. of Housing and Urban Development, Division of Housing Assistance Research, *Experimental Housing Allowance Program: Conclusions*, pp. 55–72.

of paternalistic optimism that Senator Edward Brooke had embraced when he explained how an allowance would restore the dignity of participants and help them learn to use the free market. The other was the view that racism and the desire to preserve segregated housing would lead landlords to deny housing to people of color, and that without additional resources these barriers could not be overcome by individuals. It was voiced by allowance skeptics like Cushing Dolbeare and the housing committee of the Leadership Conference for Civil Rights.[32] EHAP findings brought new data to bear and raised new questions. The data indicated that mobility among participants was low. Those whose initial housing failed inspection were not likely to view the allowance payment as sufficient incentive to move, despite the purported insufficiency of their dwelling.[33] The data about discrimination were more complicated. Based largely on Avis Vidal's analysis of perceived discrimination in the Demand Experiment, EHAP final reports described limited evidence that racial discrimination was a barrier to mobility. The reports emphasized household preferences over discrimination as an explanation for why households tended not to move to neighborhoods with starkly different socioeconomic or racial compositions. This raised the question of what interest the government had in incentivizing moves not prevented by discrimination and seemingly undesired by program beneficiaries.

Not everyone believed that work was worth doing. RAND's lead EHAP researcher and long time allowance advocate Ira Lowry summarized the argument against such efforts in his final report on HASE. Examining the role of services based on the limited impact a lack of responsive services had on HASE success rates, he asserted, "a national demand-oriented housing assistance program could be quite effective if the administering agency offered no

[32] See Chapter One for a discussion of these arguments.

[33] Dept. of Housing and Urban Development, Division of Housing Assistance Research, *Experimental Housing Allowance Program: Conclusions*, pp. 36–7.

responsive services to the participants whatsoever" and left any such need to be filled by community agencies. He went so far as to recommend that other kinds of government programs "consider whether…a similar devolution [of responsive services] of responsibilities is possible."[34] Lowry suggested that EHAP data raised new questions about housing policy to at least that same degree that the data provided answers. At the heart of those questions was the degree allowances targeted things the government valued about neighborhoods and housing units, which households perhaps did not.

As the political influence of ideas like market sovereignty and consumer choice grew, the ground shifted away from providing services, and perhaps away from providing housing earmarked allowances at all. James Zais made that argument in "Administering Housing Allowances" in *Housing Vouchers for the Poor.* He surveyed the wide variation in the type and extent of services provided to participants and found that the "responsive" services provided when an agency perceived a particular need from a particular household were less effective than had been argued in other analyses. He questioned Abt Associate's analysis that while responsive services did not impact success rates for participants in looser markets, they narrowed the success gap between white and black households in areas with low vacancy rates. Those findings, according to Zais, relied on flawed and inconsistent reports from the agencies in order to categorize services as "responsive" and to track how extensively participants used them. He conducted a new analysis with different metrics of "use," such as minutes of client/agency interaction and use of housing lists provided by the agencies to classify services in all three aspects of the experiment, the results suggested that individualized counseling and other "responsive" services did not contribute to success.

[34] Lowry, *Experimenting with Housing Allowances: The Final Report of the Housing Assistance Supply Experiment*, pp. 323, 327, 350.

In tighter markets, minority households in fact made greater use of the standardized "informational" services like housing availability lists, and that those services helped minority households more than nonminority ones. He attributed agency preferences for responsive services not to the effectiveness but to a "traditional casework approach" among those agencies that "overstated the need to provide such services to households."[35] Ultimately, Zais argued that while services might need to be emphasized in tighter markets, those services would be most efficient and effective if they focused on providing information about available housing and the housing market rather than attempting "to respond to a myriad of other household needs."[36] Implicit in that interpretation was a critique of efforts to persuade households to move to neighborhoods staff or agencies viewed as "better" because of demographics.

Another area of disagreement was the interpretation of how to interpret low-income households' limited consumption responses to earmarking. Some policy experts looked at the low mobility of participants and the seemingly limited incentive to upgrade provided by the allowance, and argued that, as Edgar Olsen put in stark terms "it is difficult to justify housing subsidies [as opposed to general assistance] unless taxpayers receive tangible benefits particularly related to the housing of recipients or care about recipients but think that these people undervalue housing."[37] In other words, if housing allowance recipients did not find their own housing hugely unsatisfactory, why should the government? Olsen framed that point in the language of consumer sovereignty as well, saying that in his assessment of the evidence from EHAP, "almost all low-income families are *able* to occupy housing meeting the standards

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[35] James Zais, "Adminstering Housing Allowances" in *Housing Vouchers for the Poor*, pp. 256-8, quotation p. 258.

[36] Ibid., p. 259.

[37] Olsen, "Implications for Housing Policy" in *The Great Housing Experiment*, p. 266.

embodied in model housing codes. Some choose not to do so."[38] For Zais, it followed that some rationale other than need must be developed for supporting a government program that pushes low-income housing consumers to make choices other than those they freely choose after assessing costs and benefits in the marketplace. He called that something paternalistic altruism.

Ira Lowry agreed with much of Olsen's assessment that standard housing was available to those who chose to occupy it. In light of HASE data on mobility, neighborhood change and persistent segregation, Lowry wrote, "it may be that solutions to [segregation and neighborhood deterioration]… will come through redefinition of the problems and corresponding changes to our ideas about satisfactory solutions."[39] If the consumer, even the low-income consumer, had a right to make choices on the market, and if, even when an allowance gave them the resources to do so, low-income households chose to consume more of goods other than improved housing, what rationale was there for forcing their hand?

Prominent among objectors to this interpretation was Henry Aaron, the economist and senior fellow at the Brookings Institute who had served as a consultant to EHAP since its inception. In *Do Housing Allowances Work?*, argued that despite its intentions, EHAP had not examined the most salient issue in housing quality. The problem was that the experiment did not test planned variations of the housing standards, and thus could only determine that, in general, higher standards produced lower participation rates. Aaron hypothesized that tightening standards might actually increase the proportion of the housing allowance directed to increased housing consumption because "those who care about housing live in units with the fewest flaws

[38] Ibid., 267. Emphasis original.

[39] Lowry, *Experimenting*, p. 350.

and respond most flexibly to inducements" like the allowance payments.[40] Aaron essentially saw the eligible population as segmented in the same way that Edgar Olsen did—some valued housing quality and some did not—but drew a different conclusion. The nonparticipation of those with lower quality housing did not mean that, since they did not highly value housing quality, their housing was therefore of adequate quality. Instead, it indicated that allowances were the wrong kind of assistance for this one segment of eligibles. HUD should narrow the focus of market-based programs to those who had shown themselves responsive to these incentives. Thus focused, Aaron argued that it might be possible for HUD to refine the program and increase the rate of housing consumption achieved by raising standards. For those who lived in the significantly flawed housing, Aaron called for special programs linked to construction-based efforts.[41]

From the policymaking perspective, issues of political will and political power, and public opinion complicated questions of efficiency of transfer programs and cost. In the political climate of the early 1980s, the question of whether there was a problem with the quality of housing for the poor prompted an unanticipated reexamination of housing programs, one that reflected if it was not caused by the ascent of the political ideologies of market non-intervention and consumer sovereignty. These disagreements among experts about EHAP deepened as the findings moved closer to more highly contested areas of the policy arena.

The diversity of participants and perspectives in these disagreements illustrates how deeply enmeshed research, policymaking and politics were. The notion of social experimentation as a source of objective answers to inform policy held, but could not stand apart from the

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[40] Henry Aaron, "Policy Implications: A Progress Report" in *Do Housing Allowances Work?*, p. 82.

[41] Ibid., pp. 80-82, 93-96.

political climate which determined the relevance, urgency, and desirability of asking and answering the kinds of questions a social experiment could address. Despite the belief among EHAP researchers that their work ought to provide data but not make policy judgment calls, discrete boundaries between research and policymaking were illusory. From the outset, of course, the findings were meant to be applied, to provide not just raw data but analysis that would allow decisions to be made among alternatives on the basis of experience not just conjecture. While the Urban Institute may have questioned what they saw as the politically imbricated origins of the AAE, the experiment as a whole held only a degree of remove from such transparent motives.[42]

Another linkage between policy and analysis was that HUD's Office of Policy Development and Research and the research institutes had an interest in demonstrating the relevance of long-term, big budget research even in changing political environments. It was that relevance which sustained their operations, which were called into question with some frequency. If the politicians who allocated their funding determined that research projects tended pursue questions the answer to which were irrelevant by the time the data could be analyzed, they were unlikely to continue funding such efforts. HUD, RAND, Abt Associates and the Urban Institute were all aware of this fact. Congressional hearings about whether or not to end EHAP early had been held as late as 1976. HUD persuaded Congress to finish the experiment mainly by arguing that the majority of the money had been spent, and that curtailing or ending EHAP at that point would only prevent the government from learning what could be learned from the

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[42] See Chapter One for a discussion of the Urban Institute's view that the AAE was developed by George Romney because he wanted to develop a constituency of support for the national allowance program among housing authorities and local governments.

expenditures.[43] Establishing the enduring relevance of policy research incentivized closer connections between research analysis and politically charged questions.

Finally, as in much of federal policy, discrete boundaries between policymakers, policy advocacy groups, and research firms did not exist. Experts moved readily from positions in one type of organization and into another. The biographies of contributors to *Housing Vouchers for the Poor, The Great Housing Experiment* and *Do Housing Allowances Work?* make the interrelationships clear. Raymond Struyk, for example, worked at HUD as Deputy Assistant Secretary for Research and Evaluation before moving to Urban Institute, where he edited *Housing Vouchers for the Poor*. Subsequent to his work at Urban, he went to work on housing for the US Agency for International Development, and then to the National Opinion Research Center, which had developed EHAP survey instruments. Currently, he is on the advisory board for *Cityscape*, a scholarly and policy journal published by HUD's Office of Policy Development and Research. David Carlson and David Rasmussen both worked on EHAP at Urban, contributed to *Housing Vouchers for the Poor*, and previously worked at HUD. Henry Aaron held positions at HUD and at the Department of Health, Education and Welfare before that, and sat on advisory boards and committees for many government agencies in addition to working at Brookings as a Fellow and sitting on Abt Associates' Board for many years. Career trajectories like these do not obliterate the lines between research, policymaking, and politics, nor are they unique to the field of housing. But this reality does not line up neatly with rhetoric that justified EHAP in terms of the need for "objective" answers that would create bright lines between policy alternatives. As Henry Aaron posed the question before answering the question from both perspectives: "What conclusions can be reached? The answer depends on whether one responds as an analyst or as a

[43] See House Committee on Banking, Currency and Housing, *Hearings on Housing Authorization Act of 1976,* pp. 100-103, 261-3, 362.

policy maker."[44] In the years after EHAP, many of those who worked on the experiment traveled career paths in which they were both.

Findings: Changing Political Climates and Changing Policy Questions

In addition to shaping disagreements about the meaning of EHAP findings, the changed political environment of the late 1970s and early 1980s framed new policy questions and created new frames around old policy contexts. At the Brookings' conference on the allowance experiments, participant Harold Watts made that change plain in his comment that "the political forces that define the feasible range of policy alternatives changed in the 1970s, altering the questions that seemed most urgent."[45] The new range of policy possibilities elevated previously unconsidered questions about the impact of market-based assistance to the fore of discussions, and shifted the terms of the debates around others. This section considers three examples of such shifts. First, it examines the emergence of questions about how housing subsidies might incentivize changes to household formation behavior. Next, it looks at the shift in two important frames that had been used to advocate for market-based subsidies. The first was the notion that such a program would foster racial integration both by making minority households moving into non-minority neighborhoods less noticeable than in project-based programs and by providing the supportive services and financial wherewithal to empower such moves. The other frame was that of the "allowance" itself, which was replaced with the "voucher" in policy and practice. While seemingly interchangeable, the two monikers are reflective of important if unrecognized changes

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[44] Aaron, "Policy Implications," p. 94.

[45] Harold Watts with Felicity Skidmore, "A Critical Review of the Program as a Social Experiment" in *Do Housing Allowances Work?*, p. 60.

in the way market-based housing assistance would provide aid to low-income households in the political climate of the late 1980s.

The new question of impacts on household formation emerged partially as the result of the findings of the other major set of social experiments conducted in the 1970s. These experiments studied general income maintenance, often via the instrument of a negative income tax. The other key factor was the ascent of Ronald Reagan's "Welfare Queen" storytelling in the 1976 presidential campaign, which turned focus anew onto the role of social policy in shaping families. In particular, the focus was on creating incentives for poor people of color to live in nuclear families because of the purported social and economic benefits of that arrangement. Joined together with notions of household instability among black families as a driver of urban deterioration since the Moynihan report in the 1960s, the role that government programs could play in creating relevant incentives rose to prominence in the 1980s. As the findings of this series of test of a "negative income tax" form of general cash assistance indicated that these programs created an incentive structure that led to the dissolution of households, and many policymakers, researchers, and academic social scientists were alarmed. In *Do Housing Allowances Work,* Harold Watts and Felicity Skidmore tied housing assistance to this same set of concerns. They described the failure to examine what impact allowances had on household formation as a "major gap" in EHAP's study of household responses, and acknowledged the significance of the contemporary policy environment, conceding that none of the designers or evaluators of EHAP in the early 1970s foresaw the desirability of relevant data. All the same, they hypothesized that a longitudinal study that tracked household dissolutions and formations might alter EHAP findings on price and income elasticity of housing demand. Furthermore, they thought it might find effects on household formation, though they did not speculate as to what those might be.[46]

If EHAP had provided such data, the connection may have enhanced the policy prominence of EHAP by increasing its relevance to the policy environment of the moment and to those that followed. Since the early 1980s, policies designed to promote the two-parent family among low-income families through a combination of both carrots and sticks found purchase among politicians. The welfare reforms instituted in 1996 under President Clinton were the product of this reframing, as were many subsequent welfare policy reforms. As historian Gwendolyn Mink points out, Congress created Temporary Aid to Needy Families (TANF) with a bill that included promoting household formation as an explicit goal. While this language was initially promoted by social conservatives in Congress and among policy advocates, Mink notes that the 2002 reauthorization of TANF featured explicit support among Democratic Senators for household formation as a policy goal of government subsidy programs. Since 1996, the ethos of "personal responsibility" that authorized these welfare reforms has extended to many other domestic programs, including housing subsidies.[47] Ironically, with no data establishing the relationship between housing subsidies and household formation, policymakers lacked an empirical, if not a rhetorical, basis for connecting moral and economic concerns about household formation in actual housing legislation. The income maintenance experiments and their profound impact of welfare policy debates, thus had a greater influence on policy than EHAP, their much larger sibling experiment.

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[46] Watts, pp. 50-57.

[47] Gwendolyn Mink, "From Welfare to Wedlock: Marriage Promotion and Poor Mothers' Inequality," *The Good Society* 11, no. 3 (2002): pp. 68–73, doi:10.1353/gso.2003.0011.

The issue of race and residential housing segregation was certainly one in which, as Watts had put it to the Brookings conference, the range of feasible policy alternatives had shifted from EHAP's beginning to its end. At the outset, many hoped allowances would serve as an instrument of integration. Researchers at the Urban Institute, Ira Lowry and Henry Aaron all mentioned these hopes in reflecting back on EHAP's inception. HUD's first Assistant Secretary for Research and Technology Harold Finger had hoped as much when wrote his endorsement of allowances in the early days of EHAP planning. [48] Not only was it perceived as possible that the government might do something bold on the issue, some thought housing allowances might be that something, an incentive strong enough to move households but subtle enough to avoid protests by target neighborhoods.[49] By the 1980s, however, that moment of optimism had been replaced by data. Reality did not reflect any swift shift towards residential integration, prompting Lowry to write in *Experimenting with Housing Allowances* that "although Fair Housing legislation and court decisions have established the right of racial minorities to buy or rent anywhere they can afford housing…indexes of segregation in U.S. cities are at best falling very slowly."[50] From the outset, political forces were aligned strongly enought that a half dozen cities from Mishawaka, outside South Bend, to Syracuse, New York had refused to accept an EHAP site for fear of ethnic change in their neighborhoods.

In the political climate of EHAP's beginnings, such facts would have counted far more significantly against the approach than they did at the program's end. The early 1980's, however, had seen a decade of protests spurred by efforts at large-scale integration, as well as a decade of

[48] Larry Ozanne and James Zais, "Communitywide Effects of Housing Allowances" in Struyk and Bendick, *Housing Vouchers for the Poor*, pp. 232.

[49] These plans are discussed in the chapter on the Supply Experiment.

[50] Lowry, *Experimenting with Housing Allowances,* p. 350.

mixed results in pursuing fair housing in the courts and through HUD's limited enforcement powers. While housing discrimination was outlawed, issues of legal standing, burdens of proof of intent, and uncertainty about how to rectify discrimination when it was found, as in the *Gautreaux* case, has drained what momentum integration as a government initiative ever had. These were some of the realities Lowry acknowledged when he spoke of redefining housing problems and "ideas about satisfactory solutions" in his final report on the Supply Experiment.[51]

Over the decade, integration of residential neighborhoods had slipped down the list of policy priorities for housing programs. That fact was reflected in the final reports of findings, which stressed the existence of choice and mobility for participants, and the limited evidence of discrimination in the search process. HUD's final report framed the issue of the racial composition of neighborhoods as one of mobility and locational choice, not segregation or discrimination. Neighborhood composition in the EHAP cities was "governed largely by ties to relatives, neighborhoods, friends, workplaces and schools," and thus rested beyond the reach of most realistic policy incentives.[52] While there may be no *a priori* reason to foster integration through in housing policy, integration once held an important place among federal level policy rationales for the approach. By the early 1980s, that place was slipping away. Efforts to induce moves, largely through extensive counseling operations and sometimes through program rules, continue to be a feature of market-based housing demonstrations, most notably the Moving to Opportunity program, as will be discussed later in the chapter. These efforts, however, no longer frame their raison d'étre in terms of integration as a communitywide social goal applicable to white and black, poor and middle class, and urban and suburban households. Instead, these

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[51] Ibid.

[52] HUD Division of Housing Assistance Research, *Experimental Housing Allowance Program: Conclusions*, pp. x, 30-42.

programs frame their value in terms of deconcentration of povert.[53] That is a decidedly narrower goal that focuses on removing households from, rather than reinvestment in, low-income, high minority neighborhoods. In this formulation, the whiter, higher income neighborhood is "better" for the household despite any preference or "choice" for the ties that HUD articulated in the report. Benefits adhere to the poor beneficiaries, not to society as a whole.

Deconcentration replaced both integration of residential housing and the rehabilitation of low-income neighborhoods with a narrow focus on moving by low-income households and households of color from areas deemed to "concentrated." Target neighborhoods may be similarly homogenous and concentrated, but such white, middle class concentration is understood to be valuable. While arguments can of course be made for the benefits of relocation, it must be noted that "concentration" refers to income level or racial homogeneity as if those characteristics are themselves problematic, when in fact "deconcentration" is euphemistically pointing to other neighborhood qualities that are the actual targets of the policy. Coincidence is not causation, and this formulation of the policy addresses the coincidence with less attention to causation than earlier formulations of allowance policy did. A white middle class neighborhood might be as "concentrated" as a low-income African American neighborhood, but the policy goal is the deconcentration of one and not the other.[54] Residential integration or even desegregation does not necessarily imply those same presumptions.

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[53] Significantly, "deconcentration" appears in the HUD Final Report's foreword as an area in which further study has been prompted by EHAP, and is the term used in much of *Housing Vouchers for the Poor* when discussing mobility questions. "Integration" and "segregation" are used in historical rather than contemporary discussions.

[54] See Xavier de Souza Briggs, Susan J. Popkin, and John Goering, *Moving to Opportunity: The Story of an American Experiment to Fight Ghetto Poverty* (New York: Oxford University Press, USA, 2010); Alexander Polikoff, *Waiting for Gautreaux: A Story of Segregation, Housing, and the Black Ghetto* (Evanston: Northwestern University Press, 2007).

Another instance of the shifting political environment changing the framing of key aspects of market-based housing assistance was the linguistic and practical transition from housing "allowance" programs to housing "voucher" programs. This shift in frames was clear from the title of the Urban Institute's final report, which discussed the "Experimental Housing Allowance Program," but was titled *Housing Vouchers for the Poor*. Allowances and vouchers are not interchangeable synonyms, but in fact different approaches to market-based housing assistance with attendant differences in how they frame clients, stakeholders, and program benefits. Housing allowances were initially envisioned as a payment by the government to the household, invisible once the check was cashed. Direct payment eliminated the stigma of in-kind assistance as well as of residing in a public housing project. Instead of this stigma, subsidized households could participate in the housing market with what Edward Brooke imagined as "purchasing power and personal dignity." Allowances were to make equals of the subsidized and the unsubsidized housing consumers, who could compete on even terms in the free market, thus enhancing the citizenship of the assisted and by extension the society as a whole.

What emerged in non-experimental housing programs beginning in the the mid-1970s was something different—the "voucher." While in order to establish the enduring relevance of EHAP, researchers and practitioners were quick to point out that "Section 8" (formally it was Section "existing housing" assistance, as Section 8 also covered new construction and rehabilitation based programs) was "very similar" to the EHAP program in many respects, allowances were not vouchers. When advocates like Malcolm Peabody, Harold Finger and Edward Brooke spoke out for allowances between 1968 and 1970, they emphasized the anonymous, confidential character of the program and imagined those characteristics to have attendant moral virtues, bringing economic equality and the pride of market participation to households who would otherwise be diminished by the shame and stigma of accepting housing in the projects.

As discussed in the preceding chapters, researchers and program staff devised the EHAP benefit programs to maximize that anonymity and destigmatization. Storefront housing offices were located at a distance from other government services. Advertisements featured the working poor, nuclear families and widows. Payments were made directly to the participant or as dual payer checks were common features at many program sites. In no case did a landlord have a contract with the housing office, instead the required lease was negotiated directly between participant and the unit owner or manager. In EHAP, problems between landlord and tenant were generally addressed privately. The tenant and landlord, but not the agency, signed a lease addendum requiring agency notification of evictions. EHAP field staff worried that even this small incursion reintroduced the stigma the agency worked to avoid. They also feared the requirement might scare off landlords in markets where rentals were often agreed to without a written contract at all. Thus, an allowance entrusted taxpayer subsidies directly to the household to be served and intervened in the landlord-tenant relationship as little as possible, following the model of a program like Social Security rather than one like such as food stamps, which at the time involved the visible use of alternative payment media, the "stamp" and thus indicated stigma.

The voucher programs, including Section 8, either never contemplated the Social Security type approach, or never took it seriously. Instead, they followed the established method of other non-experimental housing assistance and in-kind programs, making payment to some third party, sometimes a builder, sometimes an owner or local Housing Authority. In the voucher program, formally called Section 8 "Existing" (because it used the existing housing stock that met quality requirements), the landlord received payment of the full subsidy amount from a local housing authority, with the residents of the unit paying the balance. Section 8 Existing also created an explicit contractual relationship between the housing agency and the landlord. The government agency administering the program and the landlord signed a contract spelling out mutual obligations and rights, and setting procedures for handling problems such as evictions. The program participant never received government funds, only the "voucher" which established that a willing landlord could be paid in part by the tenant with remainder paid by the agency. From the bureaucratic perspective, this system reassured potentially hesitant landlords of their rights and a flow of payments. It also established a sense of supervision for tenants who could be stereotyped as "difficult" because they had children, low-incomes, or relied on government benefit programs. EHAP administrator Charles Orlebeke made this point before the subcommittee on Housing and Community Development of the House Committee on Banking and Currency when the need for EHAP's continuation was called into question following the creation of Section 8 existing. Orlebeke had noted the significance of making payments to tenants and avoiding contractual relations between housing authorities and the tenants' landlords as major factors in diminishing stigma, saying that Section 8 Existing "still assumed that [tenants] cannot really act on their own on the private market, that agencies must negotiate their leases and make sure the rent is paid."[55] The Section 8 voucher's more paternalistic involvement in the housing market transaction negated much of the moral benefit imagined by early advocates, and thus traded their optimistic, hands-off paternalism for the more pragmatic kind commonly associated with the receipt of more stigmatized government benefits such as welfare.

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[55] Statement of Charles Orlebeke, *The Housing Authorization Act of 1976*, Hearing before the Subcommittee on Housing and Community Development, Committee on Bank and Currency, United States House, 94th Cong., Second Session (2 January 1976) p. 265.

Putting Results to Use?: The President's Commission on Housing

[As suggested by Henry Aaron's appraisal of EHAP in the chapter's epigram, evaluations of EHAP's value depend on the political context and policy environment in which the evaluator stands. During the few years from about 1978 to 1983, the transition from the Carter to Reagan presidential administrations shifted that policy in dramatic fashion. Relative to the preceding administration, the Carter administration took a more active, though still modest, position on efforts to secure civil rights protections, including those in housing. Those positions included support for a failed 1979 effort to strengthen HUD's enforcement powers under the Fair Housing Act.[56] With respect directly to EHAP and the housing allowance proposal, however, the administration was cool. Raymond Struyk, in his EHAP post-mortem in *Housing Vouchers* went so far as to call the administration's interest "soporific."[57] One indicator of the limited investment the administration put into EHAP was the HUD final report, which culminated the decade long venture with a foreword written the General Deputy Assistant Secretary for Policy Development and Research rather than by the Secretary of HUD, Donna Shalala, who had overseen the Policy Development and Research program prior to becoming Secretary. While the foreword describes the EHAP findings as having "far-reaching" policy implications and as earning back the research costs through savings in the administration of Section 8 housing, there

[56] John Kain, "Black Suburbanization in the Eighties: A New Beginning or a False Hope?," in *American Domestic Priorities: An Economic Appraisal*, ed. John M. Quigley and Daniel L. Rubinfeld (University of California Press, 1985), pp. 257–9.

[57] Struyk and Bendick, *Housing Vouchers for the Poor*, p. 306.

is no indication that the findings might motivate any significant shift in the composition or direction of the department's housing programs.[58]

Given that the Carter administration had no taste for the major changes to national policy that first propelled the experiment, the value of the experiment for policy was certainly diminished. All of that began to change when Ronald Reagan defeated Carter in an unexpected landslide in the 1980 election. With Reagan's interest in a market-based housing program and then the convening of the McKenna Commission, the shift in political winds restored EHAP to relevance. In stark contrast to the limited, calculated appraisal of the experiment's value under Carter, in the early Reagan years, EHAP suddenly seemed crucial to determining federal policy. The editors of *The Great Housing Experiment*, writing in light of the McKenna Commission's endorsement of allowances, said EHAP addressed "one of the most important government policy issues of the 1980s."[59] Ira Lowry's *Experimenting with Housing Allowances*, published after Reagan was sworn-in, referred to the programs as providing data necessary to "imminent federal decisions" on housing policy.[60]

Quickly following the conclusion of data analysis for the three sites came the allowance idea's closest brush with full implementation. It came early in the Reagan presidency, as the Administration began to seek implementation of its domestic policy vision. Housing allowances represented a fairly perfect match for that vision; they were compatible with decentralization to local housing authorities and emphasized the market as a sovereign arbiter of outcomes and, as they had been when Senator Brooke argued for the experiment on the Senate floor a decade

[58] Dept. of Housing and Urban Development, Division of Housing Assistance Research, *Experimental Housing Allowance Program: Conclusions*, pp. iii–iv.

[59] Friedman and Weinberg, *The Great Housing Experiment*, p. 7.

[60] Lowry, *Experimenting with Housing Allowances: The Final Report of the Housing Assistance Supply Experiment*, p. 332.

earlier, they seemed to provide valuable training in social values. Furthermore, from a budgetary perspective, an allowance type program would provide greater flexibility to curtail spending on housing because than construction-based housing assistance because they did not require multi-year financing commitments.

In order to bring attention to this aspect of Reagan's domestic policy platform and fulfill the designs laid out by his transition advisers, Reagan called for the creation of the President's Commission on Housing. This "blue-ribbon" panel of industry experts and policy intellectuals drew some of its members from the transitional housing advisory panel. Their numbers were augmented by additional members agreed upon by White House staff and HUD secretary Samuel Pierce. Formed in June of 1981, the Commission was charged with issuing an interim report by October 30, 1981 and a final report by April 30, 1982. The interim report would provide crucial support for the President's budget requests to Congress and thus serve as an important signal of Reagan's early domestic policy. The Commission was chaired by William McKenna, who drew on his experience forming the first organized crime prosecutions unit at the Department of Justice to lead the Commission as well as the knowledge of housing programs he gained as deputy administrator of the Housing and Home Finance Agency, a HUD predecessor. The vice chair of the Commission was Carla Hills, who had served as Secretary of HUD from 1975-1977 under the Ford Administration and was a member of the transition task force on housing. As HUD Secretary, Hills had overseen EHAP and toured some of the experimental sites. In addition to Hills, at least thee other members of the panel had previously been engaged with the allowance experiment. Edward Brooke, the program's Senate champion from a decade prior, was joined by Richard Dunnells. Dunnells had been Deputy Assistant Secretary for Housing Management during the planning of EHAP and participated in planning meetings. Finally, there was Samuel Jackson, who was Assistant Secretary of HUD for Community Planning and Development during the planning period.[61] Like the other members of the committee, these individuals were chosen at least as much because of their loyalty to Reagan and anticipated adherence to the pre-determined agenda of the Administration as because of their subject expertise.

The Commission's findings were to be geared towards the promotion of free-market principles in all housing programs, following the outline established by the Transition Task Force and their proceeding were overseen by White House staff including Edwin Meese, Edwin Harper and Shannon "Ann" Fairbanks. However, during meetings to generate the Commission's interim report, the foregone conclusion of support for the President's plan was called into question. A minority of dissenters of various issues threatened to stall out the process because of McKenna's intent to seek a consensus on all policy recommendations. The White House responded to this potential challenge by issuing a new executive order expanding the size of the commission from 22 to 30 and indicating to McKenna that going forward recommendations should be made based on significant majorities of support rather than complete consensus.[62] Concern that the eight additional members would be perceived as unfairly "stacking" the Commission, their presence was deemed necessary to influence outcomes.

Despite tensions in the process, the interim report generated exactly the set of policy recommendations that Reagan's Task Force on Housing had sought. Timed to exert maximum impact on the budget calendar, the interim recommendations focused solidly on low income

[61] White House Press Release June 17, 1981, FG373 "President's Commission on Housing" (019600-030799), Ronald Reagan Presidential Archives, Simi Valley, California.

[62] Memorandum, Dec. 7 1981 Edwin Gray to Michael Deaver and Memorandum, December 29, 1981 Ronald Kienlen to White House, FG373 "President's Commission on Housing" Folder 047700-058999, Reagan Archives.

housing programs, an indicator of the Administration's desire to turn those programs in a new and less expensive direction. Other housing programs could, and would, receive greater attention later on in the full report since they were all being designed to take impact, as Edwin Harper put it to Ann Fairbanks, "without unnecessarily taking money out of the treasury."[63]

The commissioner's called for a program of "consumer assistance grants" for housing. The grants would different than existing programs in important respects, and similar in many ways to the allowance provided in EHAP. The interim report incorporated newly available EHAP findings including the Urban Institute's *Housing Vouchers for the Poor* as well as those of the Demand and Supply Experiments. The interim report chided that in existing programs "The size of the payment may depend on the income of the tenant household, but the payment is still paid to the producer, not the tenant. The government and the producer make decisions regarding the characteristics of the house that is provided. The tenant's choice of housing is restricted to the specific units produced under the subsidy program." This limited degree of freedom for consumers and high degree of government intervention in the market did not suit the policy direction of the Reagan Administration, and the Commission recommended a change in course. In calling for a program of "consumer-oriented" grants, the commissioners called for an "allowance" model to be followed such that participants and landlords had contractual relations, but the administering the agency would not be party to these contracts.[64]

A shift in ideological justification for market-based housing over the duration of the EHAP experiment explains the lack of significance attached to paying landlords versus participants in the proposed assistance program. The ideological significance of the moral

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[63] Memo Edwin Harper to Ann Fairbanks, March 22 1982, White House, FG373 "President's Commission on Housing," Folder 059000-076264, Reagan Archives.

[64] United States, President's Commission on Housing, *Interim Report of the President's Commission on Housing* (Washington, D.C.: Government Printing Office, 1981), pp. 31, 40–42.

advantages of an allowance had declined between the two administrations. The approaches other advantages endured for the Reagan Administration as they had under Nixon. The market-based approach was particularly well-suited to enduring Republican interest in free-market economic policies, the limitation of the federal government's role in social assistance programs and "states rights" or local control of programs. While Senator Brooke had once extoled the moral virtues of market participation as well as the importance of freeing households from stigma and reintegrating them into the community fabric, the Commission on which he now sat emphasized cost savings.

This ideological narrowing was likewise reflected in the way the Commission drew on EHAP findings in the Interim Report. Where Ira Lowry had once envisioned the upgrading of neighborhoods, the Commission was circumspect. Drawing from EHAP's finding that while an allowance payment might forestall the further decline of a particular unit, the Commission did not recommend allowance programs because they would spur broad improvements in low-income neighborhoods. For the Commission, the allowance's more limited genius was that it "[met] the affordability problem of low-income households quickly and cost-effectively."[65] Allowances closed the affordability gap for participating families and reduced per unit costs to the federal government by as much as half. There was no evidence that using allowance-type assistance would generate inflation. Those two features alone recommended allowances as policy to the Commission as they had to the presidential transition task force of which many commissioners were veterans.

The Commission's vision for allowances was also far narrower in the realm of race, discrimination and segregation. In the early days of EHAP, Harold Finger had imagined the

[65] Press Release, October 30, 1981 FG373 "President's Commission on Housing," Folder 040000-047699, Reagan Archives.

potential for desegregation without conflicts between HUD and local communities. Ira Lowry too had once hoped for the best in terms of neighborhood desegregation even as he planned to defuse tensions caused by neighborhood change. Ultimately, the evidence from EHAP suggested that the proposed housing payments would do little to change the existing spatial patterns of residence among low-income people of color. Rather than view this outcome as a disappointment, the Commission, turning to data from EHAP as well as early Section 8 research, focused on the positive. Allowances did not appear to impede the relocations of those families who wished to move, nor did it "exacerbate" existing racial concentrations. Citing evidence from the Demand Experiment, the Commission argued that this repetition in racial residential patterns derived from the fact that minority households spent most of their time searching in neighborhoods similar to their own or only slightly less racially concentrated, and got housing information from sources that primarily had information about those areas.[66] What was once imagined as a virtual racial and social engineering via the market was now something far less, but in the 1980s, with economic concerns paramount, that lesser thing was still a highly attractive policy intervention. In part, of course, the more narrow basis on which McKenna's Commission endorsed allowances reflected sober assessments based on experience. But where the Kaiser Commission had recommended an allowance experience out of a great hope in a time of urgency and at times violence in the urban core of America, the McKenna Commission narrowed its eyes on the federal ledger.

The McKenna Commission's vision was also narrower when it came to eligibility. In 1968, the Kaiser Commission envisioned a program significant enough to stabilize center-city decline. In 1981, the goal was limited to serving the poorest of the poor—The Interim Report

[66] United States. President's Commission on Housing, *Interim Report of the President's Commission on Housing*, pp. 38–9.

called for program serving those at 50% or less of area median income for a family of four, invoking the standard already used in Section 8. Where the Nixon Administration had once considered incorporating housing allowances into a cash payment entitlement program, the "Family Assistance Plan" or FAP, the McKenna Commission never contemplated a program large enough for all who qualified financially.[67] Instead, Commissioners suggested that families be prioritized according criteria such as the extent of their rent burden and the shortcomings of their current housing. Following the ethos of the Administration, the Commission allowed that the specifics of eligibility and priority criteria should be determined locally rather than at the federal level. Notably, they also set aside the question of whether homeowners should be eligible, an issue that would drag out for decades.[68]

Ironically, the direct policy translation of the Commission's EHAP-based call for a housing allowance program was yet another trial effort. The Housing Voucher Demonstration Program was implemented in 1983 by 20 different Public Housing Authorities who randomly assigned families accepted for Section 8 Existing to either that program or the Voucher Demonstration. The programs were similar, but voucher holders had the freedom to exceed local limits on the cost of the housing selected (the Fair Market Rate or FMR), or to pay less than FMR and retain the savings. In contrast, the Section 8 Existing certificates program figured subsidy amounts according to the actual rents, and thus removed any such "shopping" incentive. A decade's worth of evidence and quantitative data about the efficacy and limits of an allowance failed to elevate the approach to non-trial status, and four more years of annual negotiation between the Administration and Congressional skeptics were required before the program was

[67] For a discussion of the relationship between Nixon's FAP and the housing allowance program, see Chapter One.

[68] United States, President's Commission on Housing, *Interim Report of the President's Commission on Housing*, pp. 40–1.

declared sound and implemented on a small-scale but non-demonstration basis in 1987.[69] For over a decade, that voucher program ran in parallel to Section 8 Existing.

The Commission-endorsed market-based "Housing Payments Program" provided rhetorical and evidentiary cover for a planned transformation that was never enacted fully. The use of the Interim Report in the 1983 budget request represented the high-water mark for allowances in terms of implementation as national policy. While the overall legacy of the Administration in domestic program funding was one of stagnation more than cuts, low-income housing assistance was an exception. These programs saw extraordinary reductions in funding and a major move away from government sponsored construction programs targeted to low-income housing. By focusing on a change in form rather than what was a dramatic drop in levels of funding commitments, Reagan dodged the kind of catastrophic publicity that had confronted Nixon when he declared a freezing on all housing programs.

Still, Reagan requested much larger cuts to funding than Congressional supporters of housing programs were prepared to pass through the appropriations process. Using the Interim Report's findings and recommendations as evidence, Reagan moved to make cuts targeting new construction programs. As R. Allen Hay outlines, the cuts were dramatic. For 1982, Reagan's budget cut HUD's new budget authority to $17.5 billion dollars. That sum was a mere half of the $30 billion President Carter saw appropriated they year before. By 1983, Regan requested the tiny sum of just $500 million dollars. In the final bill, Congressional resistance forced an increase in appropriations to slightly more than $12 billion dollars.[70]

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[69] Jeremy B. Johnson, "Beyond Retrenchment: The Political and Ideological Foundations of the New American Welfare State, 1970-2000" (Unpublished Ph.D. Diss, Brown University, 2010), pp. 242–3.

[70] R. Allen Hays, *The Federal Government and Urban Housing: Ideology and Change in Public Policy*, 2nd ed. (State University of New York Press, 1995), pp. 235–6.

After the release of the interim report and the budget bill push, federal focus on housing issues shifted to revitalizing housing starts, and low income housing was of little concern. An early sign of that diminished prominence were the remarks President Reagan about the commission report to delivered just two months after the interim report to an audience of Commission members and representatives from the National Association of Home Builders, the National Board of Realtors and the housing trade unions. Edwin Gray had proposed giving the speech to highlight steps taken by the Administration to implement the interim recommendations, yet Reagan did not mention subsidized housing. Instead, Reagan focused on mortgages and expanding mortgage credit using one of his favored policy instruments—deregulation—in this case by allowing pension funds to invest in the home mortgage market. According to Gray, the President's comments would allow him to "demonstrate his concern for the difficulties of the housing sector through positive, deregulatory action by the government." The message indicated the President's desired focus for "his Housing Commission" going forward. That direction did not include continued concern for low-income housing assistance programs. Punctuating that turn was the addition of eight new commissioners to the group a few weeks later, in January 1982. All the additional members were drawn from the mortgage, home finance and construction industries. The allowance idea's moment as a potentially transformative change in housing policy had passed. Several months after Lowry published, the failure of Reagan's 1983 housing budget push rendered the changes Lowry had called imminent just a few months before moot once again.

EHAP's Impact Beyond HUD

The legacy of EHAP is not, however, limited to Reagan's failed effort at a Housing Payment Program, nor to the evolution of tenant-based housing programs within HUD. First, of course, there are the recipient households. Their role in EHAP was an anonymous and confidential one, and so their subsequent experience is beyond the historical record to this point. Others involved in EHAP, however, were visible after the experiment ended. Social policy in the U.S and abroad has been influenced by the work of researchers and scholars who contributed to EHAP. Some who worked on the project, like Ira Lowry and Stephen Kennedy, were already established researchers in the midst of their careers. After EHAP, they continued to work in the field of housing, or in federal social policy more general, through government contracts for policy-relevant social research. Others involved the conduct of the research were just building their careers as they worked for the experiment, and for them, most newly minted PhDs, the program served as a building block and a stepping stone into significant careers in social policy. Erve Chambers and M.G. Trend worked as onsite observers for Abt Associates in the Administrative Agency Experiment (AAE) during their early careers, and Avis Vidal worked on the experiment as part of her doctoral work in Urban Planning at Harvard.[71] All went on to careers as academics in the fields of policy and/or planning. Members of the formal review and evaluation panels and commentators in publications both scholarly and popular also continued to influence social policy beyond EHAP. Alice Rivlin, Henry Aaron and Anthony Downs are examples from this group. This section looks the post-EHAP career of Stephen K. Mayo who translated his domestic knowledge of housing into international work. Though others, like Raymond Struyk, also turned their focus overseas, Mayo's work is examined here because his

[71] For a discussion of her findings for the experiment, see Chapter Two on the Demand Experiment. Vidal focused on how race shaped the housing searches of African American households in Pittsburgh.

work represents what seem to be the furthest traces of EHAP's legacy in housing policy. In Mayo's work, EHAP crossed national borders and became a program with an international impact. [72]

As EHAP concluded, Mayo used data from HADE, in conjunction with an evaluation of other studies to publish "Theory and Estimation in the Economics of Housing Demand." This paper argued that the income elasticity of demand for housing was below one and above zero, marking housing as a "normal" good or one that is consumed more as income rises but at a less than 1:1 ratio with the income increase.[73] Price elasticity was similarly posited to be inelastic, with an absolute value of less than one in most studies. Both price and income elasticity, however, varied widely among these studies. Mayo suggested that, "demand elasticities may vary with the level of both relative prices and income, with demographic variables, and depending on the time period over which demand functions are estimated."[74] He urged the development of dynamic models that could account for such variations. Citing the Demand Experiment evidence, he suggested racial differences in income elasticity as well as suggesting that permanent changes in income are only incrementally factored into housing consumption.

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[72] I am indebted to one of Mayo's colleagues, Stephen Malpezzi, for the biographical information in this section. He included it in "The Contributions of Stephen K. Mayo to Housing and Urban Economics" *Journal of Urban Economics* 10 (2001), 72-108. This article sparked my investigation into Mayo's international career and international applications of EHAP in general. Malpezzi's article discusses Mayo's career at greater length than I do in this section, which focuses on the EHAP-connected portions of Mayo's biography.

[73] In economics, goods are classed as "Inferior" "Normal" or "Luxury" according to propensity to consume as income increases. Inferior goods are consumed less as income rises, luxury goods are consumed at a rate higher than increases in income.

[74] Stephen K Mayo, "Theory and Estimation in the Economics of Housing Demand," *Journal of Urban Economics* 10, no. 1 (1981): pp. 95–116.

Thus, it takes as long as 10 years for 90% of an increase to be priced into consumption.[75] This paper remains influential in the field. Web of Science, for instance, credits it with 135 journal article references and an h-index of 23. The index also finds at least one citation per year in all but two years since publication.[76] Stephen Malpezzi called the publication one of the fields' "classic papers;" one of the four texts read by all students of housing demand.

Mayo brought some of the basic understanding of the housing market gleaned from EHAP to bear on questions about international housing markets, including developing markets previously thought unlikely to follow the same patterns as the domestic American market. During the experiment, most requests to elaborate such analyses were rejected by HUD due to budget tightening, and thus researchers like Mayo continued to pursue related research in non-EHAP arenas. Stephen Mayo's work took an international turn while he was still working at Abt Associates. There, he led a field team investigating housing in Egypt as well as working as an Abt Associates consultant for a World Bank research project on housing in Korea.

He continued to draw EHAP into the international arena when he began working in the Water Supply and Urban Development Department of the World Bank in 1981. At the Bank, he began pulling the relevant threads of the Demand Experiment out and using them to develop comparative international studies. One early paper, "Sources of Inefficiency in Subsidized Housing Programs: A Comparison of U.S. and German Experience," drew directly from EHAP

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[75] Stephen K. Mayo, "Theory and Estimation in the Economics of Housing Demand," *Journal of Urban Economics* 10, no. 1 (1981): p. 113.

[76] Data from the Social Science Citation Index, Web of Science, http://apps.webofknowledge.com/CitationReport.do?product=WOS&search_mode=CitationReport&SID=4EkaJgA1ALPiGFcHLaC&page=1&cr_pqid=19&viewType=summary. Accessed March 8, 2012. For the sake of comparison, the h-index of Joan Scott's "Gender: A Useful Category of Historical Analysis" has an h-index of 36. The score of 23 is much higher than Mayo's average of 9, but it must be noted that he did not work as an academic for much of his career, and so had comparatively less incentive to place his work according to such measures of influence.

and compared the relative efficiency of market-based and project-based housing subsidies in the U.S. and West Germany. This paper was first delivered in 1984, and in it Mayo drew the findings of EHAP together with similar ones from West Germany, where post-World War II production-oriented housing programs had been subsequently buttressed with consumer-oriented ones. A program of housing allowances called the *Wohngeld* was established in the mid-1960s and far outstripped any of the American consumer programs, enrolling 1.6 million Germans within a decade. In both places, allowance-type subsidies were less expensive per unit of housing, and participants valued the housing obtained via an allowance more highly than a comparable unit provided directly to them by the government. The comparison between the two countries led Mayo to conclude that the same cost-savings and transfer efficiency identified in the American market-based programs also existed in the German programs and thus might hold as a general theory.[77]

After the German findings, Mayo expanded his investigation of the international applicability of the market-based housing assistance approach, turning towards World Bank housing programs in developing nations. In several papers evaluating these and other housing assistance programs targeting developing countries, Mayo and his World Bank co-authors argued that pre-1980 World Bank housing policies had been unsuccessful and ill-conceived, like the low-income housing policies of developed countries on which they were modeled. Supply-side projects, in this case government production of housing units or intervention to instigate such production, were seen to fail because the people needing the housing and the housing's price and location were often mismatched. Programs such as slum rehabilitation and improvement would do a better job of meeting what Mayo saw as the "actual" demand for housing in these areas.

[77] Stephen K. Mayo, "Sources of Inefficiency in Subsidized Housing Programs: A Comparison of U.S. and German Experience," *Journal of Urban Economics* 20, no. 2 (1986): pp. 229–249.

Better still would be programs that ensured a regulatory environment which did not impede housing improvement by setting standards or rents too high or interests too low to support investments. Simultaneously, the international comparison to developing countries allowed for a refinement of economic understanding of housing demand, in a sense creating the opportunity for the kind of basic research that the research institutes had hoped HUD might budget for within EHAP.[78]

Many of Mayo's findings and consequent recommendations for developing countries and their government are distilled in an article called "Shelter Strategies for the Urban Poor in Developing Countries." Translated into the international situation, Mayo and Malpezzi highlight aspects of the Reagan-era thrust towards deregulation and local control that extended into international policy. For example, EHAP findings demonstrated that tighter housing quality standards reduced the participation rates of poorer households because the "gap" between the quality of housing that they could afford and standard housing was larger than the subsidy payment, either alone or when considered with the other costs of moving. The corollary finding in developing countries was that when the Bank or a government created housing of a certain quality standard in anticipation that poor families would contribute 20% of their income to rent in order to live in them, the project rents were likely to extend far beyond what families would actually pay to live in them unless they received a subsidy. The same would be true, according to Mayo and his cohort, of private developments that built housing of a standard higher than that

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[78] Examples include Stephen K Mayo and Stephen Malpezzi, *A Comparative Analysis of Housing Demand in Developing Countries* (Washington, D.C.: World Bank, 1984); Stephen K Mayo and James I Stein, *Housing and Labor Market Distortions in Poland: Linkages and Policy Implications* (Washington, D.C.: World Bank, 1988); Stephen K Mayo and David J Gross, *Sites and Services - and Subsidies: the Economics of Low-cost Housing in Developing Countries* (Washington, D.C.: World Bank, 1985); Stephen Malpezzi, Stephen K Mayo, and David J Gross, *Housing Demand in Developing Countries* (Washington, D.C.: World Bank, 1985).

families would pay. Accordingly, Mayo argued, building standards for non-government housing should not be developed through a moral standard like "decent housing" but through a market standard based upon the value housing held for target households. Given the limited willingness of poor households to increase their housing consumption as a percentage of their very small incomes, design standards need to reflect "the true willingness-to-pay of poor people."[79]

That interpretation echoed at the international level the analysis of many who had attended the Brookings' conference on EHAP that when it was financially feasible, some poor households chose not to improve the quality of their housing, but instead to divert funds towards other areas of need. The question stood internationally as well as nationally: If households viewed their own housing as acceptable relative to their total needs and financial options, what rationale under a free market philosophy justified forcing such a use of funds on housing instead of other goods? Like Edgar Olsen, James Zais and perhaps even Ira Lowry, Mayo and his World Bank colleagues saw diminishing prospects of finding such a justification.[80]

The conclusion Mayo and his colleagues drew in "Shelter Strategies" came to broadly influence the Bank's housing development policy. The Bank's 1993 policy paper "Housing: Enabling Markets to Work." Even in terminology, the report echoed EHAP, in which one type of assistance to households in the AAE was described as an "enabling" approach. The 1993 Bank paper recommended an "enabling strategy" for national governments as a whole. Developing countries were advised to abandon affordable housing building projects entirely. Instead, the Bank would fund projects that provided the infrastructure that was seen as a precursor to sound housing, as well as funding for housing-relevant financial market stabilization and creation.

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[79] Stephen K. Mayo, Stephen Malpezzi, and David J. Gross, "Shelter Strategies for the Urban Poor in Developing Countries," *The World Bank Research Observer* 1, no. 2 (July 1, 1986): p. 198.

[80] For a discussion of these views, see the sections on findings earlier in this chapter.

Mayo called for these approaches to be adapted depending of the status of the borrowing country. Loans to those without workable financial markets might focus on "slum upgrading," while more moderately developed or formerly communist nations might see a focus on the development of financial intermediaries. A decade after Reagan had contemplated it, and twenty years after Nixon had, the idea of housing affordability programs anchored in and driven by the free markets had spread beyond America's borders and beyond direct application in allowance subsidies through Mayo's work at the World Bank.[81] In many respects, these programs expanded the market-first ideology of EHAP far well past any programs contemplated in the U.S., where powerful coalitions of stakeholders prevent previous models of housing assistance from being entirely discarded.

'No Section 8': EHAP and Contemporary Domestic Housing Policy

Taken as a whole, however, the actual findings of EHAP have been perhaps less significant than the possibilities created simply by conducting the experiment at all. For policymakers, the execution of the experiment without catastrophic outcomes authorized the slow but steady transformation of housing subsidy programs from primarily site- to primarily market-based. The promise of data, and the existence of databases, provided a wealth of justifications and implications on which policymakers could call when they sought to advance the cause of market-based assistance. The selective use of vast data in these instances blurs the line between necessary summary and cherry picking of evidence. Prior to EHAP, the allowance

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[81] Implementation of this market-driven policy in participating countries was not without controversy. The implementation of the proscribed program under Nelson Mandela in South Africa during the 1990s, for example, is critiqued by Dareth A. Jones and Kavita Datta's "Enabling Markets to Work? Housing Policy in the 'New' South Africa" *International Planning Studies* 5, no. 3 (2000) pp. 393-416.

was a visionary idea, but one surrounded by questions, hopes, concerns and hypotheses, and fears about an urban crisis that might unravel America's cities entirely. A decade later, with the crisis and the pressure for transformation gone, market-based assistance had shown both its power and its impotence. Direct payments to participants would not rehabilitate units, but it would not create unacceptable inflation either. The approach was not going to integrate the suburbs or the cities, but it provided "mobility" and "choice" on the market, making residential segregation arguably the product of individual choice rather than illegal discrimination. Allowances were not going to become an entitlement, but they were far more cost-effective than building new units, and in a time of budget cuts for social programs, they might do more with less. Thus, while the big possibilities had been swept aside, EHAP allowed HUD and other housing advocates to frame market-based subsidies as a sort of Goldilocks of programs: just right for the 1980s.

That goldilocks status quo has persisted for much of the last 30 years of housing programs, as vouchers have become the predominant form of housing assistance provided by HUD. The voucher and Section 8 "existing housing" programs were merged in 1998 into a program called "Housing Choice Vouchers." These vouchers were different from the allowances Ira Lowry, Harold Finger, Malcolm Peabody and other advocates from the 1970s had imagined. Vouchers never became the kind of program that Charles Orlebeke described when he explained to Congress that the allowance program, unlike Section 8, placed trust in the competence of families to search, negotiate and pay for housing independently while using government subsidy to increase the quality of the housing from which they could choose. The moral imperatives and social urgency that had impelled Congress to mandate the experiment in 1970 had slipped away by the time of the McKenna Commission. Market-based housing assistance dominates HUD's low-income programs, but the allowances as Edward Brooke described them on the Senate floor are gone. HUD's voucher and Section 8 existing programs, merged and rechristened as "Housing Choice Vouchers" bear the sting of stigma; stigma plainly evident in the columns of classified ads for housing in major cities that bear the disclaimer: "No Section 8."

While these voucher programs acquired stigma, not all of the ideological impulses that first sparked the experiment disappeared. Despite vast evidence from EHAP that allowances provided very little in the way of incentives to move to new neighborhoods, the decades since EHAP have seen redoubled efforts to use vouchers to do just that. In spite of the evidence from EHAP, programs from the *Gautreaux* consent decree program in Chicago to the nationwide "Moving to Opportunity" demonstrations set out to use various forms of supportive services, persuasion and program requirements to "deconcentrate" low-income and minority households into suburban residential neighborhoods. Moving to Opportunity(MTO) was conducted as a randomized trial in five major cities between 1994 and 1998, and enrolled about 4,600 families. Follow up interview data was most recently analyzed at the 15-year mark, leading to a new round of publications analyzing outcomes. All participating families in MTO were required to move, and thus the research focused on the impact of those moves on the safety, economic stability, health and life course of the household heads and children. Dozens of researchers from Abt Associates to the National Bureau of Economic Research to various university-tied research groups were granted access to the data and have published findings. While of course there is some variation most findings found that "moving to opportunity" translated into very limited changes in measurable social, education, employment and health outcomes for the participants.[82]

[82] For an overview of the MTO and its findings see: Briggs, Popkin, and Goering, *Moving to Opportunity*, which contains an extensive bibliography of other MTO research as well; excellent analysis can also be found in Xavier De Souza Briggs, ed., *The Geography of Opportunity: Race*

One study echoed the theme of EHAP findings very closely, finding that only 47% of the families restricted to "opportunity" neighborhoods successfully used their vouchers within the 60-90 day time limit, despite extensive counseling.[83] In spite of all this evidence about the difficulty of generating neighborhood moves and—with the addition of MTO data to the EHAP data—the limited impact on the life courses of participants, deconcentration through vouchers persists as a mainstay of HUD and local housing authority Section 8 programs. The persistent appeal of using market-based housing payments illustrates the relative power of political ideology and social scientific evidence in determining policy. Market-based housing programs persist in part because they allow for members of a diverse and even divergent political coalition to seek their ideological aims through a single program. Liberal housing advocates can emphasize supportive services and counseling in order to precipitate deconcentration. Conservatives can point to a program that uses both carrot and stick to guide participants towards independence from assistance, as well as promoting cost-efficiency, via the free market.

Conclusion

From a policy perspective, there are many ways to evaluate EHAP's impact, only a few of which have been examined in this chapter. Some impacts are direct, like the path of EHAP findings to Reagan's failed push for market based housing assistant payments via the McKenna Commission Report. Others are more nebulous, like the path of the market-based assistance

and Housing Choice in Metropolitan America (Washington, D.C.: Brookings Institution Press, 2005). On the *Gautreaux* program, see Polikoff, *Waiting for Gautreaux*. For Section 8 and the Housing Choice Voucher program, see David P. Varady and Carole Walker, *Neighborhood Choices: Section 8 Housing Vouchers and Residential Mobility* (New Brunswick: Rutgers University Center for Urban Policy Research, 2007).

[83] National Bureau of Economic Research, "An Overview of the Moving to Opportunity Experiment: A Random Assignment Housing Mobility Study in Five U.S. Cities" *MTOResearch.org*, http://www.nber.org/mtopublic/ (Accessed December 31, 2012).

approach from Phoenix and Pittsburgh to South Africa via the career of Stephen Mayo. There are broad effects, like the development of the handbooks for Section 8 Housing counseling and the revision of Section 8 housing quality standards in light of EHAP, and other evidence that specific criteria did not serve as effective proxies for generally sound housing units. There are also narrow effects, like the computational shortcut developed by HADE researcher David Hoaglin that quickly determines whether data fits a statistical model called a "Poisson distribution." Hoaglin developed the method to reduce the computational workload on the enormous mainframes processing the data for HADE, and called his method "A Poissoness Plot."[84] EHAP, of course, pushed technological barriers in data analysis as well as data collection. It deepened the pool of basic, general knowledge about supply and demand in housing markets. Legacies of EHAP can also be traced, as has just been illustrated, in long scholarly and policy careers crossing international borders.

In bringing to a close the history of EHAP pursued in this dissertation, I would like to revisit some of the major themes and conclusions of its chapters. The examination of EHAP in these chapters, I argue, sheds historical light on the rise of conservatism in 1970s and on the role of local communities, government agencies, and the growth of free-market ideology in that rise. In particular, EHAP, its planning, and its aftermath illustrate how shifting government subsidy programs onto the free-market created a shared space onto which both liberal and conservative policymakers could project their ideologies about individuals, communities and government, and take action to pursue the implementation of policies reflective of those ideologies.

In Chapter One, the potential for such a shared ideological space was reflected in the response to the urban crisis that saw legislation mandating an experiment in housing allowances

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[84] David C. Hoaglin, "A Poissonness Plot," *The American Statistician* 34, no. 3 (1980): pp. 146-149.

passed. The reverberations of that crisis created a willingness to consider new alternatives in housing that persisted into the early 1970s, when both EHAP and an early version of today's Section 8 vouchers were created. Yet they never reached the pitch necessary for a wholesale overthrow of existing housing coalitions or the creation of market-based housing program on an entitlement basis, as had been briefly contemplated. The second chapter examines the protocols of EHAP in their most technical, scientific terms, and in those procedures sees the power of EHAP as an experimental "laboratory." The experimental laboratory was imagined to be free of ideology imbuing the experiment unique capacity of experiment, as opposed to model or stimulation, to generate definitive, apolitical data that would authorize the change in policy based on reason rather than politics. Chapter Three looks at the two largest, most public test of the allowance idea, and in the response to them finds evidence that community leadership and research institution staff reshaped the experiment based on their assumptions and understandings of how those communities would react to low-income and minority families acting as equals on the market. While negative reactions never reached the levels that they feared, those challenges and ways that EHAP was reshaped presaged many of the ways in which Section 8 would come to differ from an allowance program. It has come to resemble more traditional, stigmatized forms of government assistance such as welfare rather than stigma free forms such as Social Security. The fourth chapter extends this community based analysis of responses to upheavals in race and rights into the eight cities where existing agencies were selected to administer the allowance approach. The chapter traces in detail their responses, from embrace of the fair housing potential of the program to nearly avoided failure in the face of strong opposition to landlords. Those varied outcomes highlight the potential for a free market program to negotiate and support divergent, even opposing visions of who government programs should serve. They also pinpoint some of the key administrative differences between stigmatized and destigmatized forms of government assistance. Finally, this last chapter, looking at EHAP findings and their usage in policy and beyond, argues that while certain key findings, like the lack of inflationary impact, were critical to authorizing an ongoing shift to market-based housing subsidies, EHAPs actual findings were less significant than the fact that the data existed in itself. Thus, even though the once thoroughly free market concept of a true housing allowance has no place in current housing policy, its cousin the housing choice voucher exists and persists. It endures relatively unchallenged in part because volumes of data EHAP and subsequent related research have created are so vast that they appear to create out of the free market a screen onto which otherwise opposing views of the market can be simultaneously projected and coexist.

That is the magic of this market space. It has allowed both sides to pursue their goals while only rarely coming into contact with one another directly. That fact more than any other probably accounts for the relative stability of the present mix of housing programs since the 1980s. Funding for new construction oriented programs is limited, but those already in place continue to be supported or converted into new forms, like mixed income housing, that benefit the same set of stakeholders. The majority of HUD subsidy dollars are allocated for Housing Choice Vouchers, but the funding is far short of demand for the program. In many cities, the waitlists are so long that they are closed to new applicants. Support remains in conservative quarters. Conservative economist and Manhattan Institute Fellow Edward Glaeser, for example, advocates the expansion of Section 8 vouchers to replace the Low Income Housing Tax Credit. These advocates view the "choice" provided by voucher programs as sufficient, providing real options to those who receive the vouchers.[85] Even the Heritage Foundation's policy positions compare vouchers favorably to project-based programs. Wary of efforts to reduce spending by cutting social programs, liberals and progressives have sought to protect and expand funding for voucher programs, though they are often dubious of the amount of "choice" vouchers can provide. From a liberal perspective, voucher programs also create a space to pursue preferred social outcomes on the local level. That space exists in counseling by housing program staff, which is intended to expand the "choice" of participating households.[86] Such counseling represents an intervention in the personal responsibility and choice model envisioned by many conservatives and by EHAP's originators, but stakeholders are operating at a different policy levels, diminishing the likelihood of conflict.

The contemporary policy space in which Section 8 or "Housing Choice Vouchers" exist is very different from the policy space in which the idea of market based housing assistance first found legislative purchase and a field test through EHAP. EHAP was initiated at a moment when housing assistance would be repeated be considered, on its own or in tandem with other benefits, as a potential entitlement program, one meant to quench the fires in America's cities and both stability within the residential space of cities and mobility for those who sought to leave them. In tandem with those hopes was another set of hopes about what role the market would play in the lives of recipients. While paternalistic in its formulation, the hope was that participation in housing market on a basis indistinguishable from that of unassisted households would bolster

[85] Edward L Glaeser and Joseph E Gyourko, *Rethinking Federal Housing Policy: How to Make Housing Plentiful and Affordable* (Washington, D.C.: AEI Press, 2008).

[86] For example see the Center for American Progresses response to potential cuts in the Mitt Romney/ Paul Ryan budget proposals. "Romney's Housing Plan: Still Elusive," The Center for American Progress Action Fund, www.americanprogressaction.org, http://www.americanprogressaction.org/issues/housing/report/2012/09/01/34677/romneys-housing-plan-still-elusive/ (accessed Jan. 1, 2013) as well as Briggs, Popkin, and Goering, *Moving to Opportunity*, pp. 226-234.

participants as citizens, imbuing them with Senator Brooke's vaunted "purchasing power and personal dignity" and sparing them the stigma of residing in increasingly vilified housing projects. Thus, the market would serve as a benevolent restorer of the bonds between citizens, their government and one another. The world of today's "housing choice vouchers" is much more circumscribed. Yet it is surrounded by a diverse coalition of supporters, all of whom can see in the program strains of their own ideologies about how government programs can best help those in need of housing assistance.

This history of EHAP has, in addition to providing a synthetic narrative account of the nation's largest social experiment, elaborated some of things that historical study of EHAP might yield. There are, however, many more ways of looking at the program, and more to be done in some of the areas explored here. For example, the sometimes tense interactions between HUD, the Office of Management and the Budget, the General Accounting Office, and the research contractors illustrate that more was at stake in the experiment than housing. The size, significance and budget of EHAP as a social experiment gave these various bureaucracies access to power, power in terms of political influence, power over one another, and power over the creation of knowledge using federal dollars. Several of these agencies were relatively young at the time of EHAP's inception, and further examination of their early years and subsequent evolution might prove illustrative of trends and changes in federal administration of domestic policy.

Another arena in which EHAP had real significance and could be further explored was in the realm of experimental ethics. While the "experimental laboratory" and the model of the clinical medical trial inspired EHAP planning and research design, the field conduct of the experiment created and left unanswered many questions about the nature of ethical obligations towards participants in social experiments. In general, like housing assistance itself, responsibility for those obligations devolved to local agencies as the program ended. Some EHAP experts, including Alice Rivlin, sought to use the experiment, and others of the period, as a case study in ethics.[87] The impact of the social experiments of the 1970s on the field of experimental ethics deserves greater consideration.

Finally, the historical study of EHAP has suggested some of the reasons for the increasing appeal and use of the free market as the distributor of outcomes in federal assistance programs. Housing is far from the only program to see such a turn since the late 1960s. Food assistance, for example, has been transformed from a commodity-based in-kind program to one in which direct payments are made to assisted families via an EBT card indistinguishable from other electronic payment cards. These programs carry the mark of stigma, certainly, but participants have a much higher degree of anonymity in the marketplace than housing voucher recipients. School voucher programs have many features in common with other market-based assistance programs, and rest on the same logic of "choice" that propelled EHAP. The Affordable Care Act will create state marketplaces or "exchanges" for purchasing health insurance. These marketplaces are intended to provide choice to consumers and cost-savings to the government as well. Yet favorable outcomes are not guaranteed. Section 8 housing has a mixed record of success and rejection in many communities, and the federal push to low-income homeownership contributed to the collapse of the housing sector and subsequent recent recession. The mixed record of these programs suggests that much more can be learned from continuing historical examination of how social and economic values were read into the free

[87] Alice Rivlin and Brookings Institution., *Ethical and Legal Issues of Social Experimentation* (Washington: Brookings Institution, 1975).

market by the policymakers, researchers, advocates and other stakeholders who played a role in EHAP.

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